

Notice of Request for Proposal



SOLICITATION NO.: **YH07-0017**

PAGE
1

701 East Jefferson, MD 5700

Phoenix, Arizona 85034

OF
69

Solicitation Contact Person:

Philip M. Baldwin
Contracts and Purchasing Section
701 E. Jefferson, MD5700
Phoenix, Arizona 85034

Telephone: (602) 417-4823
Telefax: (602) 417-5957
E-Mail: Philip.Baldwin@azahcccs.gov
Issue Date: August 29, 2006

LOCATION: **ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM ADMINISTRATION (AHCCCS)**
Contracts and Purchasing Section (First Floor)
701 E. Jefferson, MD5700
Phoenix, Arizona 85034

DESCRIPTION: **PHARMACY BENEFITS MANAGEMENT SERVICES (PBM) FOR HEALTHCARE GROUP OF ARIZONA (HCG)**

PROPOSAL DUE DATE: September 19, 2006 AT 3:00 P.M. MST

Pre-Proposal Conference: A Pre-Proposal Conference has been scheduled on September 8, 2006 from 9:00 A.M. to 11:00 A.M. in the Department of Business & Finance (DBF) Conference Room 701-1. located on the first floor at AHCCCS 701 E. Jefferson, Phoenix AZ. 85034.

QUESTIONS CONCERNING THIS SOLICITATION SHALL BE SUBMITTED TO THE SOLICITATION CONTACT PERSON NAMED ABOVE, IN WRITING EITHER VIA TELEFAX OR E-MAIL (PREFERRED).


In accordance with A.R.S. § 41-2534, which is incorporated herein by reference, competitive sealed proposals will be received at the above specified location, until the time and date cited. Proposals received by the correct time and date will be opened and the name of each offeror will be publicly read.

Proposals must be in the actual possession of AHCCCS on or prior to the time and date and at the location indicated above. **Late proposals shall not be considered.**

Proposals must be submitted in a sealed envelope or package with the Solicitation Number and the offeror's name and address clearly indicated on the envelope or package. All proposals must be completed in ink or typewritten. Additional instructions for preparing a proposal are included in this solicitation document.

Persons with a disability may request a reasonable accommodation, such as a sign language interpreter, by contacting the appropriate Procurement Agency. Requests should be made as early as possible to allow time to arrange the accommodation. A person requiring special accommodations may contact the solicitation contact person responsible for this procurement as identified above.

OFFERORS ARE STRONGLY ENCOURAGED TO CAREFULLY READ THE ENTIRE SOLICITATION.

Table of Contents		 701 East Jefferson, MD 5700 Phoenix, Arizona 85034
SOLICITATION NO.: YH07-0017	PAGE 2	
	OF 69	

1.	Offer and Acceptance document	Page 3
2.	Scope of Work	Page 4
	A. Description of Program	Page 4
	B. Contractor Requirements	Page 5
	C. Scope of Required Services	Page 6
	1. General Service Requirements	Page 6
	2. Preferred Drug List Management	Page 7
	3. Specialty Drug Programs	Page 7
	4. Generic MAC Program	Page 7
	5. Account Service Requirements	Page 7
	6. Data, Systems, and Reporting Requirements	Page 10
	7. Network Development and Management	Page 12
	D. Network Requirements	Page 12
	E. Performance Guarantees	Page 14
3.	Pricing Schedule	Page 17
4.	Uniform Instructions to Offerors	Page 19
5.	Special Instructions to Offerors	Page 27
6.	Uniform Terms and Conditions	Page 31
7.	Special Terms and Conditions	Page 40
8.	HIPAA Business Associates Agreement	Page 51
9.	Exhibit A, List of Key Personnel	Page 55
10.	Exhibit B, Resumes for Key Personnel	Page 56
11.	Exhibit C, Firm's References	Page 57
12.	Exhibit D, Method of Performance	Page 58
13.	Exhibit E, Clinical Programs	Page 60
14.	Exhibit F, Pricing	Page 63
15.	Exhibit G, Financial Disclosure	Page 65
16.	Exhibit H, Offeror's Checklist	Page 66
17.	Certificate of Insurance	Page 67
18.	Attachment A	Page 68
19.	Attachment B	Page 69

Offer and Acceptance

SOLICITATION NO.: YH07-0017

PAGE
3

OF
69



701 E. Jefferson Street, MD 5700

Phoenix, Arizona 85034

OFFER

The undersigned Offeror hereby agrees to provide all services in accordance with the terms and requirements stated herein, including all exhibits, amendments, and best-and-final offers (if any). Signature also acknowledges receipt of all pages indicated in the Table of Contents.

Arizona Transaction (Sales) Privilege Tax License No.:

For clarification of this offer, contact:

Name: _____

Federal Employer Identification No.:

Phone: _____

E-Mail Address: _____

Fax: _____

Company Name

Signature of Person Authorized to Sign Offer

Address

Printed Name

City State Zip

Title

CERTIFICATION

By signature in the Offer section above, the bidder certifies:

1. The submission of the offer did not involve collusion or other anti-competitive practices.
2. The bidder shall not discriminate against any employee or applicant for employment in violation of Federal Executive Order 11246, State Executive Order 99-4 or A.R.S. §§ 41-1461 through 1465.
3. The bidder has not given, offered to give, nor intends to give at any time hereafter any economic opportunity, future employment, gift, loan, gratuity, special discount, trip, favor, or service to a public servant in connection with the submitted offer. Failure to provide a valid signature affirming the stipulations required by this clause shall result in rejection of the offer. Signing the offer with a false statement shall void the offer, any resulting contract and may be subject to legal remedies provided by law.
4. **The bidder certifies that the above referenced organization ____ is/____ is not a small business with less than 100 employees or has gross revenues of \$4 million or less.**

ACCEPTANCE OF OFFER (to be completed by AHCCCS)


Your offer, including all exhibits, amendments and best-and-final offer (if any), contained herein, is accepted.

The Contractor is now bound to provide all services listed by the attached contract and based upon the solicitation, including all terms, conditions, specifications, amendments, etc., and the Contractor's Offer as accepted by AHCCCS.

This contract shall henceforth be referred to as Contract No. _____.

Awarded this _____ day of _____ 20____

Michael Veit, as AHCCCS Contracting Officer and not personally

Scope of Work		 701 E. Jefferson Street, MD 5700 Phoenix, Arizona 85034
SOLICITATION NO.: YH07-0017	PAGE 4	
	OF 69	

A. DESCRIPTION OF PROGRAM

Healthcare Group of Arizona (HCG) is the state sponsored self-funded health care coverage program for small businesses and political subdivisions. A business activity overseen by Arizona Health Care Cost Containment System Administration (AHCCCSA), HCG is a separately operated program reporting to the Director of AHCCCS. HCG delivers care by contracting with three managed care organizations and provides a PO plan managed by a third party administrator. HCG provides healthcare services to small business with 1 to 50 employees, and employees of political subdivisions. HCG also contracts with dental and vision plans to provide dental and vision care. As a self-funded, managed healthcare business enterprise, HCG utilizes community rated premiums and multiple benefit options as a means to provide affordable, guaranteed healthcare options to qualified business and public entities. "HCG is keeping Arizona Healthy, One Business at a time."


HCG was established by Arizona statute in 1985 and began enrolling small businesses through contracted health plans in 1986. In October 2003, with the approval of the Governor, the business model for HCG was changed to better address the challenges of today's uninsured small businesses. HCG redesigned and enhanced its benefit plans (these can be accessed at <http://www.healthcaregroupaz.com/members.aspx>), added provider network options, reengineered its enrollment and member services process, and expanded its coverage statewide. Today, HCG offers Arizona's uninsured small businesses a cafeteria plan of benefit options and provider network choices. Healthcare Group of Arizona now provides healthcare services to over 1,700 PPO members and over 20,000 HMO members.

HCG Membership Projection	July, 2006	July, 2006	July, 2007	July 2008
Total	1,700 (PPO)	21,700 (All)	52,190 (All)	100,060 (All)

HCG expansion includes the development of a fully integrated, healthcare value approach which focuses on improving outcomes for its members. HCG, currently investing in wellness and proactive care management, desires a like-minded, best-in-class pharmacy benefit manager. In concert with the Arizona governor's health information technology roadmap (see http://www.azgita.gov/tech_news/2005/ehealth/E_Health.htm), HCG is pursuing an entirely integrated, electronic system so that members and providers can receive high tech, just-in-time services, that are easily accessible through the entire continuum of health care benefits provided by HCG. HCG desires a PBM with this shared vision.

HCG desires to contract with a single PBM which shall provide a state-wide pharmacy network and benefits for its PPO members. These members will obtain their prescription requirements from an established Preferred Drug List (PDL). Eligibility may be determined by a point of sale process if requested by the pharmacy provider. Additional goals include the PBM partner assisting with proactive and concurrent member, employer, and provider education regarding best clinical practices, and creating a dashboard of metrics that meaningfully monitors pharmacy plan performance. It is anticipated that in the near future, HCG will establish a uniform pharmacy benefit across all plans which will be administered by its PBM.

The HCG PPO plan was implemented in February of 2006 and current enrollment stands at approximately 1,700 members. It should be noted that enrollment in this plan is growing rapidly and the successful PBM should be prepared to expand the program at a rapid rate over the next several years. In addition, further growth in plans and membership may necessitate full or partial integration of the pharmacy benefit into the other HCG plans in the future.

Scope of Work		 701 E. Jefferson Street, MD 5700 Phoenix, Arizona 85034
SOLICITATION NO.: YH07-0017	PAGE 5	
	OF 69	

The Contractor shall provide covered services as listed in this document to HCG members in accordance with all applicable federal, state and local laws, and regulated rules, listed by reference. The Contractor shall provide the same standard of care for all members regardless of the member's eligibility category. The Contractor may request technical assistance from HCG in the area of training of key personnel relevant to meeting the specific requirements of HCG.

The Contractor shall ensure that its pharmacy providers are not restricted or inhibited in any way from communicating freely with members regarding the members' health care, medical needs and treatment options even if needed services are not covered by the Contractor.

The purpose of the contract between HCG and the Contractor is to implement and operate an innovative, transparent, cutting-edge pharmacy benefit management services program for the members of HCG PPO. The terms of this Contract apply to the Contractor, any provider participating in the Contractor's network, and any provider that furnishes prescription drug services to an enrolled member upon the request or authorization of the Contractor.


In the event that a provision of federal or state law, regulation, or policy is repealed or modified during the term of this Contract, effective on the date of the repeal or modification by its own terms takes effect:

- 1) the provisions of this contract shall be deemed to have been amended to incorporate the repeal or modification,
- 2) the Contractor shall comply with all the requirements of the contract, as amended, unless the HCG Administration and the Contractor otherwise stipulate in writing.

B. CONTRACTOR REQUIREMENTS

The Contractor shall demonstrate the ability to deliver pharmacy administration services to HCG members as follows:

1. The Contractor shall maintain a level of work performance consistent with the highest professional standards in the industry.
2. The Contractor agrees that all employees assigned to perform work relating to this Contract shall be capable, efficient, and qualified.
3. Contractor shall maintain in current status, all federal, state and local licenses and permits required for the operation of the business conducted by the Contractor as applicable to this Contract.
4. The Contractor (or its parent company if applicable) shall operate transparently in that it will deliver services to HCG members with complete objectivity and without any apparent or real conflict of interest, such as undisclosed ownership of or financial interest in a group purchasing organization; pharmaceutical manufacturer, wholesaler or distributor; retail pharmacy or network; mail order pharmacy; or specialty pharmacy.
5. The Contractor shall ensure that any clinical review criteria used in the performance of its services are based on professional expertise, and up-to-date, science-based research.
6. The Contractor shall demonstrate the ability to administer a state-wide pharmacy network; a customized Preferred Drug List approved by the HCG Medical Director and point of sale adjudication.

Scope of Work		 701 E. Jefferson Street, MD 5700 Phoenix, Arizona 85034
SOLICITATION NO.: YH07-0017	PAGE 6	
	OF 69	

7. The Contractor shall demonstrate at least three years experience with commercial health plans, and doing electronic Coordination of Benefits processing.
8. The Contractor shall demonstrate experience with small business organizations through third party administrators, small business association, or carrier's insured blocks of business.
9. Due to security and identity protection concerns, all services under this contract shall be performed within the borders of the United States. Any services that are described in the specifications or scope of work that serve HCG members and may involve access to secure or sensitive data or personal client data or development or modification of software for HCG shall be performed within the borders of the United States.-

C. SCOPE OF REQUIRED SERVICES

1. General Service Requirements


Contractor shall comply with the following requirements:

- a. Develop and maintain a state-wide pharmacy provider network to provide pharmacy services for HCG members. The Contractor must adhere to AHCCCS Regulation, R9-22-209 (Attachment A) for pharmaceutical services.
- b. Offer electronic point of sale adjudication to communicate member eligibility and prescription approval information to Contractor's state-wide provider network.
- c. Perform concurrent electronic interface with HCG recipient eligibility database.
- d. Process and adjudicate pharmacy claims for prompt and timely remittance processing and payment to pharmacy providers.
- e. Provide timely and correct payment of approved claims and notification of denial reason on denied claims.
- f. Electronically communicate to HCG, on no less than a weekly basis, a file of all adjudicated claims with indication of payment amounts to allow HCG evaluation and reimbursement of the pharmacy administrator.
- g. Maintain a Quality Assurance Program.
- h. Establish quarterly and annual industry benchmarks from "like" types of clients for HCG performance analysis.
- i. Support and comply with electronic prescribing (e-prescribing) foundational standards under Title I of the Medicare Prescription Drug Improvement and Modernization Act of 2003 (MMA). The successful pharmacy administrator should also be prepared to implement operational standards for e-prescribing when they are issued.
- j. Provide timely and accurate reports as required by HCG as necessary for the successful operation of the program.
- k. Contractor will not modify any operational or clinical program or process without the prior notification to the HCG Medical Director during the term of this contract.
- l. Provide e-prescribing initiatives for now and the future.
- m. The HCG Medical Director and member will be notified immediately of a drug shortage or safety issue with a submitted prescription. The notification will include a plan to immediately resolve the issue.

2. Preferred Drug List Management

Contractor shall implement cost saving methods as follows:

- a. All generic drugs dispensed must be A-B rated

Scope of Work		 701 E. Jefferson Street, MD 5700 Phoenix, Arizona 85034
SOLICITATION NO.: YH07-0017	PAGE 7	
	OF 69	

- b. Administer a Preferred Drug List (PDL) approved by the HCG Medical Director
- c. Maintain a pharmacy network with the capability to dispense drugs according to applicable HCG rules and policies
- d. Identify additional cost saving methods/opportunities.
- e. Utilize additional cost saving methods as determined by HCG Medical Director
- f. Maintain a process for updating the PDL, including providing the current PDL on at least a quarterly schedule with a list of recommended drugs to be added to or removed from the PDL, with the rationale for such revisions to be submitted to the HCG Medical Director for approval.

3. Specialty Drug Program

Provide Specialty Drug Program to HCG members that include:

- a. Injectables
- b. Compounding
 - 1. Rectal
 - 2. Prior authorization of meds
 - 3. Liquid for oral ingestion
 - 4. Other available methodologies

4. Generic MAC Program

Provide Generic MAC Program to HCG members that includes:

- a. All generic drugs must be A-B rated
- b. Notify HCG of any change of MAC list immediately.
- c. The Contractor shall include at least 1250 GPI's, expressed as the number of GCNs for inclusion in the MAC program.
- d. The Contractor shall guarantee that at least 95% of generics dispensed are MAC listed.

5. Rebate Administration


- a. Contractor shall provide a Rebate program.
- b. Contractor shall provide quarterly rebate activity reports.
- c. Contractor shall return 100% of all rebates to HCG.

6. Account Service Requirements

- a. Account Management (See Scope of Work E, Performance Guarantee

Contractor shall:

- 1. Provide an account management team that is experienced in services for similar clients, trained in HCG plan issues, accessible to HCG geographically and with sufficient capacity and authority to respond to HCG issues in a timely manner.

Scope of Work		 701 E. Jefferson Street, MD 5700 Phoenix, Arizona 85034
SOLICITATION NO.: YH07-0017	PAGE 8	
	OF 69	

2. Provide a primary point-of-contact for day-to-day communications with HCG and have a back-up plan when the primary person is unavailable.
3. Provide an escalation process to assist in matters which are unable to be resolved at the account team level.
4. Allow the HCG administration 30 days advance notice of any planned change in the primary account manager.
5. Provide HCG administration the right to interview and agree to the intended replacement.
6. Ensure access to a tracking and resolution log of HCG issues.
7. Ability to accelerate issue resolution in the event of a failure to perform a required service.
8. Attend in person quarterly and annual program reviews on-site at the HCG home office.
9. Participate in up to four broker/ member meetings annually.
10. Provide ongoing program review to make program effective now, and in the future.
11. Provide specific benchmarks to measure program effectiveness.

b. Member Services (See Scope of Work, E. Performance Guarantee)

Contractor shall:


1. Staff and maintain a member help desk call center with Customer Service Representatives (CSR) available by toll-free telephone during the hours of at least 7:00 AM to 10:00 PM Arizona time daily.
2. Support Customer Service Representatives (CSR) with real-time tools regarding specific claims, mail order questions, eligibility, and/or plan design elements.
3. Maintain sufficient staffing to minimize member wait times to talk to a CSR. (See Performance Guarantee)
4. Maintain a pharmacist help desk with sufficient clinical staffing and hours of operation to address pharmacist inquiries and clinical decision support (e.g., prior authorization).

c. Online Tools and Services

Contractor shall have available the following online tools and services, updated at least quarterly to ensure the accuracy of the information, for members and providers as applicable:

1. Retail pharmacy locator
2. Plan drug coverage and cost comparisons
3. Drug information regarding use and safety
4. Formulary search, including suggested alternatives for non-formulary and generic substitution
5. Downloadable forms, including the preferred drug list, mail order and prior authorization forms
6. Mail order submission of new prescriptions
7. Mail order submission of refill orders
8. Mail order prescription tracking
9. Individual member claims history with EOB
10. Annual Rx history for tax filing
11. Access to Benefit Plan Document at <http://www.healthcaregroupaz.com/members.aspx>
12. E-prescribing interface tools

d. Mail Order Services (See Scope of Work, E. Performance Guarantee)

Scope of Work		 701 E. Jefferson Street, MD 5700 Phoenix, Arizona 85034
SOLICITATION NO.: YH07-0017	PAGE 9	
	OF 69	

The Contractor shall provide HCG members with accurate mail order prescription fulfillment that meet the following requirements:

1. Mail order prescriptions not requiring intervention shall be processed and shipped within 72 hours of receipt.
2. Mail order prescriptions requiring intervention shall be processed and shipped within five business days of receipt.
3. All medications subject to deterioration from heat and cold must be shipped in a manner that assures the efficacy of the drug being shipped.
4. Incorrectly mailed or damaged prescriptions will not be billed to HCG.
5. Plan members will be provided access to a short-term retail supply of drugs (usually 10 days) in case of delayed delivery of a mail order prescription.
6. The HCG Medical Director, prescribing physician, and member will be notified immediately of a drug shortage or safety issue with a submitted mail order prescription. The notification will include a plan to immediately resolve the issue.

e. Member Satisfaction Survey Requirements (See Scope of Work, E. Performance Guarantee)

The Contractor shall perform and report an annual member satisfaction survey of HCG members and HCG will, at its option have the right to include a select number of questions.

f. Implementation (See Scope of Work, E. Performance Guarantee)


The Contractor shall:

1. Provide a detailed implementation plan with key staff, responsibilities, and key dates for an effective date of January 1, 2007.
2. Transfer existing mail order refills and prior authorizations from the incumbent vendor as of January 1, 2007.
3. Present to HCG any requests for historical claim data benefit accumulator data and prior authorization as part of the implementation plan.
4. Develop and distribute printed materials, at minimum, to include member introductory letters, condensed PDL, mail order instructions and other information necessary to make full use of the benefit, after review and approval of HCG staff.
5. At HCG's option Contractor will provide and distribute standard Pharmacy Identification Cards and replacement cards for eligible HCG members.
6. Contractor shall have on-line reporting capacity as of January 1, 2007.

7. Data Systems and Reporting Requirements


Contractor shall provide an innovative, flexible and robust claims system and information technology capabilities.

- A. Collect and report statistics and/or summaries on a weekly, monthly, quarterly and annual basis as specified by HCG in the PBM Service Cost and Utilization Metrics document shown below.

Scope of Work		 701 E. Jefferson Street, MD 5700 Phoenix, Arizona 85034
SOLICITATION NO.: YH07-0017	PAGE 10	
	OF 69	

PBM Service Cost and Utilization Metrics

Measure	2005	2006	% Change
Number employees			
Average cost PEPM (discounted AWP)			
Number of members			
Average cost PMPM (discounted AWP)			
Per cent utilizing members			
Number of Rx's			
Number rebatable claims			
Average number of claims PEPM			
Average cost per Rx (full AWP)			
Average cost per Rx (discounted AWP)			
Average number of Rx PEPM (convert mail order for calculation)			
Average number of Rx PMPM (convert mail order for calculation)			
Per cent Mail Order Rx claims			
Per cent compliance with preferred drug list			
Average cost per preferred drug (discounted AWP)			
Average cost per non-preferred drug (discounted AWP)			
Generic dispensing rate			
Generic substitution rate			
Per cent MAC reduced claims			
Number GPIs on MAC			
Per cent of claims paid at U&C			
RETAIL PROGRAM			
Average brand ingredient cost (full AWP)			
Average brand ingredient cost (discounted AWP)			
Average generic ingredient cost (full AWP)			
Average generic ingredient cost subject to MAC (discounted AWP)			
Average non MAC generic ingredient cost (discounted AWP)			
Average dispensing fee			
Average Rebate per brand Rx			
MAIL SERVICE PROGRAM			
Average brand ingredient cost (full AWP)			
Average brand ingredient cost (discounted AWP)			
Average generic ingredient cost (full AWP)			

Scope of Work		 701 E. Jefferson Street, MD 5700 Phoenix, Arizona 85034
SOLICITATION NO.: YH07-0017	PAGE 11	
	OF 69	

Average generic ingredient cost subject to MAC (discounted AWP)			
Average non MAC generic ingredient cost (discounted AWP)			
Average dispensing fee			
Average Rebate per brand Rx			

1. Have ability to extract, merge, and analyze data for HEDIS reporting.
2. Report required performance guarantee metrics in an agreed upon format.

B. Clinical Programs Reports

1. The Contractor will provide the following **required** clinical reports:
 - a. Basic Concurrent Drug Utilization Reports (DUR)
 - b. Retrospective DUR
 - c. Prior Authorization (Automated, drug history, and patient demographic information used to reduce member disruption.


C. Data Requirements:

1. Data must be submitted electronically according to the Prescription Drug Event Record Layout (Attachment B) and by hard copy as requested.
2. The submission of late, inaccurate or otherwise incomplete reports shall constitute failure to report, which is subject to the penalty provisions described in this contract. Standards applied for determining adequacy of required reports are as follows:
 - a. Timeliness: reports or other required data shall be received on or before scheduled due dates.
 - b. Accuracy: reports or other required data shall be prepared in strict conformity with appropriate authoritative sources and/or HCG defined standards.
 - c. Completeness: All required information shall be fully disclosed in a manner that is both responsive and pertinent to report intent with no material omissions.
3. HCG requirements regarding reports, report content and frequency of submission of reports are subject to change at any time during the term of the contract. The PBM shall comply with all changes specified by HCG.

D. System Capability

1. Provide web enabled and online reporting at different security levels.
2. Provide user IDs login and password to allow HCG to preview the reporting.
3. Have ability to administer Health Savings Accounts (HSA) or Health Reimbursement Accounts (HRA)
4. Provide an acceptable security and OFFSITE back-up system.

E. Claims System

Scope of Work		 701 E. Jefferson Street, MD 5700 Phoenix, Arizona 85034
SOLICITATION NO.: YH07-0017	PAGE 12	
	OF 69	

1. Provide eligibility system which includes file formats, eligibility maintenance and transfer, on-line access to HCG representatives for viewing and editing records, ability to set up and manage eligibility for multiple plans, and turn around times for updating the system.
2. Provide point of service system.
3. Provide customized system responses to all captured data elements and the ability to apply logic and query functions against claims files.
4. Provide a timely and accurate Coordination of Benefits (COB) system with a current procedure manual.
5. Contractor shall comply with and participate in all HCG operational and financial audits which include provision of requested data, on site visits, timely compliance with auditor requests, and remaining in compliance with State of Arizona procurement requirements.
6. Report claim system episodes downtime, both scheduled and unscheduled, the subsequent resolutions of both during the past year, and provide HCG with notification process and downtime procedures.
7. Provide a dispute claim process which includes:
 - a. A step by step dispute process
 - b. the average time to resolve a dispute
 - c. Turnaround time standards for dispute resolution.
8. Provide a “stop payment process” at a member or group level in order that no benefits are transmitted until a member or group has met HCG requirements.
9. Provide the process to capture cognitive service claims and identification of these claims in the data submission. Cognitive services include but are not limited, to the following patient counseling, asthma inhaler education, diabetic glucose test education and administering vaccines.


8. Network Development and Management

- A. The Pharmacy Administrator shall develop and maintain a statewide pharmacy network that is sufficient to provide all pharmacy services to HCG members. The network shall ensure pharmacy services are provided promptly and are reasonably accessible in terms of location and hours of operation, and distance limits. For Maricopa and Pima Counties only, this includes a network such that, 95% of its members residing within the boundary area of metropolitan Phoenix and Tucson do not have to travel more than 5 miles to a pharmacy (See Scope of Work Performance Guarantee).
- B. HCG must be notified of planned changes in the pharmacy network before the change process has begun, for example before issuing a 60-day termination notice to a pharmacy. The notification shall be made within one working day if the change is unexpected. HCG will assess proposed changes in the Contractor's pharmacy network for potential impact on members and communicate any concerns to the Contractor within 14 days of receipt of notification.


D. NETWORK REQUIREMENTS

1. Network Pharmacy Contract Provisions

- a. The Contractor shall develop, distribute and maintain pharmacy billing materials. At a minimum, the Provider Billing Manual should contain information on the following:

Scope of Work		 701 E. Jefferson Street, MD 5700 Phoenix, Arizona 85034
SOLICITATION NO.: YH07-0017	PAGE 13	
	OF 69	


1. Introduction of the Contractor which explains the Contractor's organization and administrative structure
 2. Provider responsibility and the Contractor's expectation of the provider
 3. Grievance rights
 4. Claims submission policies and procedure
 5. Explanation of remittance advice
 6. Prior authorization requirements individualized by health plan.
 7. Overview of the Contractor's Provider Service department and function
 8. Preferred Drug List individualized by HCG Benefit Plan.
- b. Requirements for Contractor pharmacies will include the following activities:
1. Monitor for drug-drug and drug-disease state interactions
 2. Determination if medication is on the PDL
 3. Verify appropriate dosage(s)
 4. Monitor for excessive dosage(s) including quantity limit programs
 5. Over use (early refills)
 6. Under use (late refills)
 7. Fraud alert
 8. Face-to-face patient consultation, verification that the patient knows how to take the medication, and knows the appropriate outcomes of taking the medication(s)
 9. Provide educational handouts and other forms of member and provider education

Scope of Work		 701 E. Jefferson Street, MD 5700 Phoenix, Arizona 85034
SOLICITATION NO.: YH07-0017	PAGE 14	
	OF 69	

E. Performance Guarantees

The Contractor shall be required to meet the following performance standards in delivering services and will be penalized in failing to do so as follows:

Service Performance Standard	Guarantee	Reporting	Penalty	Evaluation
1. Pharmacy Network Access Percent of HCG members will have at least one network pharmacy within five (5) miles of their home zip code, where any pharmacy exists within five (5) miles of their home zip code (Maricopa and Pima Counties Only)	≥95%	Geo Access	4%	Annual
2. Network Pharmacy Management Percent of network pharmacies to be audited on-site each year	≥3%	Pharmacy Audit Report	4%	Annual
3. Retail Claims Processing Accuracy Percent of all claims paid with NO errors	<u>99.9%</u>	Claims Report	6%	Quarterly
4. Mail Order Claims Processing Time a. Average turnaround time for claims requiring NO intervention in business days measured from date mail order received to date mail order shipped b. Average turnaround time for claims requiring administrative/clinical intervention in business days measured from date mail order received to date mail order shipped	<3 business days <5 business days	Mail Order Claims Processing Report	4%	Quarterly
5. Customer Service a. Average time in seconds a CSR answers customer service calls (ASA) b. Percent of calls abandoned after having been connected for a minimum of 30 seconds c. Percent of written inquiries responded to within 10 business days	< 30 seconds < 4% 100%	Call Center Operations Report	4%	Quarterly
6. Member Satisfaction Survey a. Percent of members satisfied with retail program per survey results b. Percent of members satisfied with mail order program per survey results	≥ 90% ≥90%	Customer Satisfaction Survey	4%	Annual
Service Performance Standard				

Scope of Work		 701 E. Jefferson Street, MD 5700 Phoenix, Arizona 85034
SOLICITATION NO.: YH07-0017	PAGE 15	
	OF 69	

		Reporting	Penalty	Evaluation
7. Account Service Responsiveness Percent of calls returned by an account service representative within 24 hours of receipt	100%	Account Call Log	4%	Quarterly
8. Account Service Resolution Percent of HCG staff inquiries resolved within agreed upon time.	95%	Account Call Log	4%	Quarterly
9. Standard Reporting a. All standard monthly reports will be complete and available online within 10 business days of the end of the billing cycle that includes the last calendar day of the reporting month b. All standard quarterly reports will be complete and available online within 30 business days of the end of the billing cycle that includes the last calendar day of the reporting quarter	100%	Availability of Report	6%	Quarterly
	100%			
10. Eligibility Processing Percent of usable, error-free program eligibility transactions received and loaded by the organization with 100% accuracy within one (1) business day of receipt. The organization shall provide HCG with weekly reporting demonstrating the accuracy of eligibility transactions	100%	Eligibility Reports	6%	Quarterly

The submission of late, inaccurate or otherwise incomplete reports shall constitute failure to report, which is subject to the penalty provisions described in this contract. Standards applied for determining adequacy of required reports are as follows:


Timeliness: reports or other required data shall be received on or before scheduled due dates.

Accuracy: reports or other required data shall be prepared in strict conformity with appropriate authoritative sources and/or HCG defined standards.

Completeness: All required information shall be fully disclosed in a manner that is both responsive and pertinent to report intent with no material omissions

Penalties will be taken from Administrative fees only.

One-Time Service Performance Standards

Scope of Work		 701 E. Jefferson Street, MD 5700 Phoenix, Arizona 85034
SOLICITATION NO.: YH07-0017	PAGE 16	
	OF 69	

At four milestones agreed upon by contractor and HCG, HCG will invoke penalties of \$500 per milestone if the contractor does not meet milestones.

PRICING SCHEDULE



701 East Jefferson, MD 5700

Phoenix, Arizona 85034

SOLICITATION NO.: **YH07-0017**

PAGE
17

OF
69

The Contractor shall provide services as described in this contract. In consideration for these services, the Contractor will be paid as shown below for the term January 1, 2007 through December 31, 2009. In addition, HCG reserves the sole option to extend the term of the contract, not to exceed a total contracting period of five years. The terms and conditions of any such contract extension shall remain the same as the original contract, as amended.

The Contractor shall process, adjudicate and pay pharmacy claims within the Contractor's network for HCG PPO members' pharmacy benefits. Contractor shall make coordination of benefits determination. For claims HCG is the sole or primary payor, the Contractor shall adjudicate the members' claims at the lower of pharmacy submitted usual and customary (U&C) or the guaranteed discount; plus the applicable fee; minus the established co-pay amount; and shall submit, electronically, the claims file to HCG for payment. For claims where HCG is the secondary payor, Contractor shall bill the primary payor, and shall not bill HCG for any amount in excess of what HCG would have owed under this contract. If balanced billing is required HCG will only owe a percentage of drug not paid by the primary payor and that percentage will be calculated in accordance with the lower of usual and customary or guaranteed discount amount for pharmaceuticals under this contract.

(Please fill pricing schedule Exhibit F)

Retail

Brand Discount Guarantee	AWP - ____% + ____ dispensing fee
Generic Discount Guarantee (assigned MAC)	AWP - ____% + ____ dispensing fee
Guaranteed Generic Discount (non-MAC)	AWP - ____% + ____ dispensing fee

Mail Order

Brand Discount Guarantee	AWP - ____% + ____ dispensing fee
Generic Discount Guarantee (assigned MAC)	AWP - ____% + ____ dispensing fee
Guaranteed Generic Discount (non-MAC)	AWP - ____% + ____ dispensing fee


Specialty Drug

Retail Specialty Product Discount	AWP - ____% + ____ dispensing fee
Mail Order Specialty Product Discount	AWP - ____% + ____ dispensing fee

Administrative Fees

Administrative Fee (inclusive of all other costs)	\$_____ per member per month
Fee for Member Identification Cards	\$_____ - standard 20,000 cards
Fee Clinical Prior Authorization	\$_____ per clinical review

The method of compensation under this contract will be a firm fixed fee for dispensing fixed formula reimbursement of prescription costs, a and an administrative fee paid to the Contractor for managing HCG members' pharmacy benefits. This includes HCG members' access to the Contractor's state-wide pharmacy network, the use of its electronic point-of-sale process, and its service for processing and adjudication of claims on HCG's behalf, as described and defined within this contract and appropriate laws, regulations or policies. The administration fee shall cover all non-drug and non-dispensing costs including the processing of electronic and paper claims, COB administration, toll-free access to a member

PRICING SCHEDULE		 701 East Jefferson, MD 5700 Phoenix, Arizona 85034
SOLICITATION NO.: YH07-0017	PAGE 18	
	OF 69	

help desk, toll-free access to a pharmacist help desk, member communication materials, administration of DUR, prevention/wellness, disease management programs, step therapy/ OTC programs, appeals review, medical director overrides/authorization, electronic and manual eligibility submission, standard and ad hoc reporting, training and support for reporting systems, online member tools, etc. as specified in the Statement of Work.


At HCG's option Clinical prior authorization will be billed per clinical review and the initial member identification cards, distribution costs for identification cards and communication materials shall be billed in a standard run up to 20,000 cards.

Subject to the availability of funds, HCG shall make payments to the Contractor in accordance with the terms of this contract provided that the Contractor's performance is in compliance with the terms and conditions of this contract. HCG reserves the right at its option to make payments to the Contractor by wire or National Automated Clearing House Association (NACHA) transfer and will provide the Contractor at least 30 days notice prior to the effective date of any such change.


Where payments are made by electronic funds transfer, HCG shall not be liable for any error or delay in transfer or indirect or consequential damages arising from the use of the electronic funds transfer process. Any charges or expenses imposed by the bank for transfers or related actions shall be borne by the Contractor.

All funds received by Contractor pursuant to this contract shall be separately accounted for in accordance with generally accepted accounting principles.

All pharmaceutical manufacturer fees such as rebates, grants, data sales revenue, or any revenue from whatever source received by the Contractor pursuant to this contract shall be credited to the HCG within thirty days of receipt of such funds.

Uniform Instructions to Offerors		 701 East Jefferson, MD 5700 Phoenix, Arizona 85034
SOLICITATION NO.: YH07-0017	PAGE 19	
	OF 69	


1. **Definition of Terms:** As used in within this solicitation document, and any resultant contract, the terms listed below are defined as follows:
 - 1.1 “*AHCCCS*” means an Arizona Health Care Cost Containment System - managed health care program which pertains to health care services provided pursuant to A.R.S. 36-2903 et seq., and is also the name of the State agency.
 - 1.2 “*Attachment*” means any item the Solicitation requires an Offeror to submit as part of the Offer.
 - 1.3 “*Contract*” means the combination of the Solicitation, including the Instructions to Offerors, Contract Terms and Conditions, and Scope of Work; the Offer; any Best and Final Offers; any Solicitation Amendments or Contract Amendments; and any terms applied by law.
 - 1.4 “*Contract Amendment*” means a written document signed by the Contracting Officer that is issued for the purpose of making changes in the contract.
 - 1.5 “*Contracting Officer*” means the person duly authorized by AHCCCS to enter into and administer Contracts and make written determinations with respect to the Contract, or his or her designee.
 - 1.6 “*Contractor*” means a person who has a contract with AHCCCS.
 - 1.7 “*Days*” means calendar days unless otherwise specified.
 - 1.8 “*Exhibit*” means any item labeled as an Exhibit in the Solicitation or placed in the Exhibits section of the Solicitation.
 - 1.9 “*Gratuity*” means a payment, loan, subscription, advance, deposit of money, services or anything of more than nominal value, present or promised, unless consideration of substantially equal or greater value is received.
 - 1.10 Healthcare Group (HCG) means the state sponsored self-funded health care coverage program for small businesses and political subdivisions.
 - 1.11 “*Health Plan*” means an organization which contracts with the AHCCCS Administration to administer the provision of a comprehensive package of AHCCCS covered acute and behavioral health care services to AHCCCS members enrolled with the health plan.
 - 1.12 “*May*” indicates something that is not mandatory but permissible.
 - 1.13 “*Offer*” means bid, proposal or quotation.
 - 1.14 “*Offeror*” means a vendor who responds to a Solicitation.

Uniform Instructions to Offerors		 701 East Jefferson, MD 5700 Phoenix, Arizona 85034
SOLICITATION NO.: YH07-0017	PAGE 20	
	OF 69	

- 1.15 *"Pharmacy Benefits Management"* means the managing of a statewide pharmacy network, the adjudication and claims processing, customized clinical services, client reporting systems, drug utilization review services, prior authorization services, formulary management services, and disease management services.
- 1.16 *"Preferred Drug List" (PDL)* means the list of prescription drugs for which a particular health plan will pay an improved scaled cost on behalf of a covered person for distribution through specific pharmacies
- 1.17 *"Program Contractor"* means an organization which contracts with the AHCCCS Administration to execute the provision of a comprehensive package of ALTCS covered acute care, behavioral health services and long term care services to ALTCS members enrolled with the program contractor.
- 1.18 *"Shall, Must"* indicates a mandatory requirement. Failure to meet these mandatory requirements may result in the rejection of a proposal as non-responsive.
- 1.19 *"Should"* indicates something that is recommended but not mandatory. If the offeror fails to provide recommended information, the State may, at its sole option, ask the offeror to provide the information or evaluate the proposal without the information.
- 1.20 *"Scope of Work"* means those provisions of this solicitation which specify the work and/or results to be achieved by the Contractor.
- 1.21 *"Solicitation"* means an Invitation for Bids ("IFB"), a Request for Proposals ("RFP"), or a Request for Quotations ("RFQ").
- 1.22 *"Solicitation Amendment"* means a written document that is authorized by the Contracting Officer and issued for the purpose of making changes to the Solicitation.
- 1.23 *"Subcontract"* means any Contract, express or implied, between the Contractor and another party or between a subcontractor and another party delegating or assigning, in whole or in part, the making or furnishing of any material or any service required for the performance of the Contract.
- 1.24 *"State"* means the State of Arizona.

2. Inquiries:


- 2.1 **Duty to Examine:** It is the responsibility of each Offeror to examine the entire Solicitation, seek clarification in writing, and check its Offer for accuracy before submitting the Offer. Lack of care in preparing an Offer shall not be grounds for withdrawing the Offer after the Offer due date and time, nor shall it give rise to any Contract claim.

Uniform Instructions to Offerors		 701 East Jefferson, MD 5700 Phoenix, Arizona 85034
SOLICITATION NO.: YH07-0017	PAGE 21	
	OF 69	


- 2.2 **Solicitation Contact Person:** Any inquiry related to a Solicitation, including any requests for or inquiries regarding standards referenced in the Solicitation, shall be directed solely to the Solicitation Contact Person. The Offeror shall not contact or direct inquiries concerning this Solicitation to any other State employee unless the Solicitation specifically identifies a person other than the Solicitation Contact Person as a contact.
- 2.3 **Submission of Inquiries:** The Solicitation Contact Person may require that an inquiry, to include exceptions, be submitted in writing. Any inquiry related to a Solicitation shall refer to the appropriate Solicitation number, page and paragraph. Do not place the Solicitation number on the outside of the envelope containing that inquiry, since it may then be identified as an Offer and not be opened until after the Offer due date and time.
- 2.4 **Timeliness:** Any inquiry, to include exceptions, shall be submitted as soon as possible and at least seven days before the Offer due date and time. Failure to do so may result in the inquiry not being considered for a Solicitation Amendment.
- 2.5 **No Right to Rely on Verbal Responses:** Any inquiry that results in changes to the Solicitation shall be answered solely through a written Solicitation Amendment. An Offeror may not rely on verbal responses to its inquiries.
- 2.6 **Solicitation Amendments:** The Solicitation shall only be modified by a Solicitation Amendment.
- 2.7 **Pre-Offer Conference:** If a Pre-Offer Conference has been scheduled under this Solicitation, the date, time and location shall appear on the Solicitation cover sheet or elsewhere in the Solicitation. An Offeror should raise any questions they may have about the Solicitation or the procurement at that time. An Offeror may not rely on any verbal responses to questions at the conference. Material issues raised at the conference that result in changes to the Solicitation shall be answered solely through a written Solicitation Amendment.
- 2.8 **Persons With Disabilities:** Persons with a disability may request a reasonable accommodation, such as a sign language interpreter, by contacting the Solicitation Contact Person. Requests shall be made as early as possible to allow time to arrange the accommodation.

3. Offer Preparation:


- 3.1 **Forms: No Facsimile or Telegraphic Offers:** An Offer shall be submitted either on the forms provided in this Solicitation or their substantial equivalent. Any substitute document for the forms provided in this Solicitation will be legible and contain the same information requested on the forms. A facsimile, telegraphic, mailgram or electronic mail Offer shall be rejected.
- 3.2 **Typed or Ink; Corrections:** The Offer shall be typed or in ink. Erasures, interlineations or other modifications in the Offer shall be initialed in ink by the person signing the Offer. Modifications shall not be permitted after Offers have been opened except as otherwise provided under applicable law.

Uniform Instructions to Offerors		 701 East Jefferson, MD 5700 Phoenix, Arizona 85034
SOLICITATION NO.: YH07-0017	PAGE 22	
	OF 69	

- 3.3 Evidence of Intent to be Bound: The Offer and Acceptance form within the Solicitation shall be submitted with the Offer and shall include a signature by a person authorized to sign the Offer. The signature shall signify the Offeror's intent to be bound by the Offer and the terms of the Solicitation and that the information provided is true, accurate and complete. Failure to submit verifiable evidence of an intent to be bound, such as an original signature, may result in rejection of the Offer.
- 3.4 Exceptions to Terms and Conditions:
- 3.4.1 If offerors take any exception to any term, condition or requirement included in this solicitation document, such exception shall be submitted to the Contract Specialist **at least seven (7) days prior to the due date and time for receipt of proposals**. This will allow the Contract Specialist to review all exceptions and, if applicable, afford any approved exceptions to all other potential offerors.
- 3.4.2 If an offeror includes, in their proposal, exceptions, not covered by paragraph 4.1, above, such exceptions shall be null, void and without force and shall not be considered, and may negatively affect AHCCCS' proposal evaluation based on the published evaluation criteria or may result in rejection of the proposal.
- 3.4.3 To the extent they are inconsistent with the terms of the Solicitation, the Offeror's preprinted or standard terms will not be considered by AHCCCS as a part of any resulting Contract.
- 3.5 Subcontracts: Offeror shall clearly list any proposed subcontractors and the subcontractor's proposed responsibilities in the Offer.
- 3.6 Cost of Offer Preparation: AHCCCS will not reimburse any Offeror the cost of responding to a Solicitation.
- 3.7 Solicitation Amendments: Each Solicitation Amendment shall be signed with an original signature by the person signing the Offer, and shall be submitted no later than the Offer due date and time. Failure to return a signed copy of a material Solicitation Amendment may result in rejection of the Offer.
- 3.8 Provision of Tax Identification Numbers: Offerors are required to provide their Arizona Transaction Privilege Tax Number and/or Federal Tax Identification number, if applicable, in the space provided on the Offer and Acceptance Form.
- 3.9 Federal Excise Tax: The State of Arizona is exempt from certain Federal Excise Tax on manufactured goods. Exemption Certificates will be prepared upon request.
- 3.10 Identification of Taxes in Offer: The State of Arizona is subject to all applicable state and local transaction privilege taxes. If Arizona resident Offerors do not indicate tax as a separate item in the offer, the State will conclude that the price(s) offered includes all applicable taxes.

Uniform Instructions to Offerors		 701 East Jefferson, MD 5700 Phoenix, Arizona 85034
SOLICITATION NO.: YH07-0017	PAGE 23	
	OF 69	

- 3.11 IRS W9 Form: In order to receive payment under any resultant contract, Contractor shall have a current IRS W9 Form on file with the State of Arizona.
- 3.12 Disclosure: If the firm, business or person submitting this Offer has been debarred, suspended or otherwise lawfully precluded from participating in any public procurement activity, including being disapproved as a subcontractor with any federal, state or local government, or if any such preclusion from participation from any public procurement activity is currently pending, the Offeror shall fully explain the circumstances relating to the preclusion or proposed preclusion in the Offer. The Offeror shall include a letter with its Offer setting forth the name and address of the governmental unit, the effective date of this suspension or debarment, the duration of the suspension or debarment, and the relevant circumstances relating to the suspension or debarment. If suspension or debarment is currently pending, a detailed description of all relevant circumstances including the details enumerated above shall be provided.
- 3.13 Solicitation Order of Precedence: In the event of a conflict in the provisions of this Solicitation, the following shall prevail in the order set forth below:
- 3.13.1 Special Terms and Conditions;
 - 3.13.2 Uniform Terms and Conditions
 - 3.13.3 Statement or Scope of Work;
 - 3.13.4 Specifications;
 - 3.13.5 Attachments;
 - 3.13.6 Exhibits;
 - 3.13.7 Special Instructions to Offerors, and
 - 3.13.8 Uniform Instructions to Offerors
- 3.14 Delivery: Unless otherwise stated in the Contract, all prices shall be F.O.B. Destination and shall include all delivery and unloading at the destination.


Uniform Instructions to Offerors		 701 East Jefferson, MD 5700 Phoenix, Arizona 85034
SOLICITATION NO.: YH07-0017	PAGE 24	
	OF 69	

4. Submission of Offer:

- 4.1 Sealed Envelope or Package: Each Offer shall be submitted to the submittal location identified in this Solicitation, in a sealed envelope or package that identifies its contents as an Offer and the Solicitation number to which it responds. The appropriate Solicitation number shall be plainly marked on the outside of the envelope or package.
- 4.2 Offer Amendment or Withdrawal: An Offer may not be amended or withdrawn after the Offer due date and time except as otherwise provided under applicable law.
- 4.3 Public Record: Under applicable law, all Offers submitted and opened are public records and must be retained by AHCCCS. Offers shall be open to public inspection after Contract award, except for such portions of an Offer deemed to be confidential by AHCCCS.
- 4.4 Non-collusion, Employment, and Services: By signing the Offer and Acceptance Form or other official contract form, the Offeror certifies that:
 - 4.4.1 It did not engage in collusion or other anti-competitive practices in connection with the preparation or submission of its Offer; and
 - 4.4.2 It does not discriminate against any employee or applicant for employment or person to whom it provides services because of race, color, religion, sex, national origin, or disability, and that it complies with all applicable federal, state and local laws and executive orders regarding employment.

5. Evaluation:

- 5.1 Unit Price Prevails: Where applicable, in the case of discrepancy between the unit price or rate and the extension of that unit price or rate, the unit price or rate shall govern.
- 5.2 Taxes. Arizona transaction privilege and use taxes shall not be considered when evaluating Offers.
- 5.3 Late Offers: An Offer submitted after the exact Offer due date and time shall be rejected.
- 5.4 Disqualification: The Offer of an Offeror who is currently debarred, suspended or otherwise lawfully prohibited from any public procurement activity shall be rejected.
- 5.5 Offer Acceptance Period: An Offeror submitting an Offer under this Solicitation shall hold its Offer open for the number of days from the Offer due date that is stated in the Solicitation. If the Solicitation does not specifically state a number of days for Offer acceptance, the number of days shall be ninety (90). If a Best and Final Offer is requested pursuant to a Request for Proposals, an Offeror shall hold its Offer open for ninety (90) days from the Best and Final Offer due date.

Uniform Instructions to Offerors		 701 East Jefferson, MD 5700 Phoenix, Arizona 85034
SOLICITATION NO.: YH07-0017	PAGE 25	
	OF 69	

5.6 Payment: Payment shall comply with the requirement of A.R.S. Titles 35 and 41, Net 30 days. Upon receipt of goods or services, the contractor shall submit a complete and accurate invoice for payment from AHCCCS within thirty (30) days.

5.7 Waiver and Rejection Rights: Notwithstanding any other provision of the Solicitation, AHCCCS reserves the right to:

5.7.1 Waive any minor informality;

5.7.2 Reject any and all Offers or portions thereof; or

5.7.3 Cancel the Solicitation.

6. Award:

6.1 Number or Types of Awards: Where applicable, AHCCCS reserves the right to make multiple awards or to award a Contract by individual line items or alternatives, by group of line items or alternatives, or to make an aggregate award, whichever is deemed most advantageous to AHCCCS. If the Contracting Officer determines that an aggregate award to one Offeror is not in AHCCCS' best interest, "all or none" Offers shall be rejected.


6.2 Contract Inception: An Offer does not constitute a Contract nor does it confer any rights on the Offeror to the award of a Contract. A Contract is not created until the Offer is accepted in writing by the Contracting Officer's signature on the Offer and Acceptance Form. A notice of award or of the intent to award shall not constitute acceptance of the Offer.

6.3 Effective Date: The effective date of this Contract shall be the date that the Contracting Officer signs the Offer and Acceptance form or other official contract form, unless another date is specifically stated in the Contract.


7. Confidential Information:

7.1 If a person believes that a portion of a bid, proposal, offer, specification, or protest contains information that should be withheld due to confidentiality, the Contracting Officer shall so be notified. A detailed statement, presented as a cover letter, shall both identify those specific areas considered confidential and also state the specific harm or prejudice which may arise if disclosed.

7.2 The information identified by the person as confidential shall not be disclosed until the Contracting Officer makes a written determination. The Contracting Officer shall review the statement and information and shall determine in writing whether the information shall be withheld.

Uniform Instructions to Offerors		 701 East Jefferson, MD 5700 Phoenix, Arizona 85034
SOLICITATION NO.: YH07-0017	PAGE 26	
	OF 69	

- 7.3 If so approved, such confidential information shall be removed from the public record and kept sealed in a separate envelope marked "Confidential." Such information will not be made available to the public.
- 7.4 An entire bid, proposal, offer, specification, or protest shall not be identified as confidential; only those portions which are considered proprietary, trade secrets or patented information. Pricing shall not be considered as confidential.
8. **Contract Applicability:** Any contract resulting from this solicitation shall be for the exclusive use of AHCCCS.
9. **Electronic Documents:** AHCCCS may provide an electronic version of this procurement document. Any unidentified alteration or modification to the original document (or to any Exhibit contained therein) issued by AHCCCS shall be null and void. In those instances where modifications are identified, the original document issued by the State shall take precedence.
10. **Proposal Opening:** Proposals shall be opened on the date and time, and at the place designated on the cover page of this document, unless amended in writing by the state agency issuing the solicitation.
11. **Protests:** A protest shall comply with and be resolved according to Arizona Revised Statutes Title 41, Chapter 23, Article 9 and the Arizona Administrative Code Title 2, Chapter 7, Article 9, Rules R2-7-901 through R2-7-937. It shall be in writing and be filed with the AHCCCS Contracting Officer and with the State Procurement Administrator. A protest of a solicitation shall be received by the AHCCCS Contracting Officer before the offer due date. A protest of a proposed award or of an award shall be filed within ten (10) days after the protester knows or should have known the basis of the protest. A protest shall include:
- 11.1 The name, address and telephone number of the protester;
- 11.2 The signature of the protester or its representative;
- 11.3 Identification of the purchasing agency and the solicitation or contract number;
- 11.4 A detailed statement of the legal and factual grounds of the protest including copies of relevant documents; and the form of relief requested.

Special Instructions to Offerors		 701 East Jefferson, MD 5700 Phoenix, Arizona 85034
SOLICITATION NO.: YH07-0017	PAGE 27	
	OF 69	

1. **Offeror's Contacts:** All questions concerning this Request for Proposal, including technical specifications, proposal process, etc. shall be directed to the Solicitation Contact Person, identified on the first page of this solicitation document. All questions shall be in writing and submitted either via e-mail (preferred) or telefax. Contact information is found on the front page of this document. Offerors may not contact other AHCCCS employees concerning this solicitation.

2. **Evaluation Criteria:** Evaluation criteria are listed in the relative order of importance. The evaluation will be conducted in accordance with an established evaluation plan. The award(s) will be made to the responsible offeror whose proposal is determined to be the most advantageous to AHCCCS, based on the following criteria:
 - 2.1 Proposed Method of Approach
 - 2.2 Cost
 - 2.3 Pharmacy Network
 - 2.4 Experience and Expertise of the Firm
 - 2.5 Experience and Expertise of Key Personnel


3. **Proposal Information:** Offeror is to submit their proposal with one (1) original and five (5) copies (for a total of six (6) sets) in the format as contained in this RFP. **The original copy of the proposal should be clearly labeled "ORIGINAL."** The material should be in sequence and related to the RFP. AHCCCS will not provide any reimbursement for the cost of developing or presenting proposals in response to this RFP. Failure to include the requested information may have a negative impact on the evaluation of the offeror's proposal. The proposal should include at least the following information:

3.1 **Experience and Expertise of Key Personnel:**

- 3.1.1 The qualifications of the key personnel proposed by the offeror to perform the requirements of this solicitation will be considered in the evaluation. Therefore, the offeror should submit detailed information related to the experience, technical expertise and qualifications for each key personnel proposed. Offeror should provide the names and titles for all proposed key personnel; clerical staff is not considered key personnel. The use of Exhibit A is furnished for the offeror's use in presenting such information.

- 3.1.2 The offeror should provide an organizational chart showing the staffing and lines of authority for the key personnel to be utilized. The relationship of the project leader to management and to support personnel should be clearly illustrated.

- 3.1.3 The offeror should provide a resume for each proposed key person, which substantiates the key person possesses the experience and expertise to provide the assigned tasks and

Special Instructions to Offerors		 701 East Jefferson, MD 5700 Phoenix, Arizona 85034
SOLICITATION NO.: YH07-0017	PAGE 28	
	OF 69	

responsibilities. Each resume should include a description of the type and years of experience, training and other pertinent qualifications. The offeror should also indicate the number of estimated amount of time the proposed person will devote to any resultant contract. Resumes should be limited to four (4) pages. The use of Exhibit B, "Resumes for Key Personnel", may be used for this purpose.


- 3.1.4 Provide an detailed explanation of each key person's responsibilities as related to the requirements of the Scope of Work.
- 3.1.5 The offeror may submit any other pertinent information which would substantiate each proposed key person possesses the experience, expertise and capability to provide the assigned services.

3.2 **Experience and Expertise of the Firm:**

- 3.2.1 The offeror's experience and past performance will be evaluated on the extent of its success in managing and integrating work relevant to that defined in the Scope of Work. Therefore, the Offeror is advised to submit any and all information which documents successful and reliable experience in past performances as related to this RFP.
- 3.2.2 References: References should be verifiable and be able to comment on the offeror's related experience. The offeror should submit, at a minimum, three (3) professional services references which would demonstrate the offeror possesses an understanding and the experience in providing the required service. As these references may be checked, insure all information is current, accurate and prior permission to use is obtained from each reference. This information may be shown on the form attached as Exhibit C to this RFP or in a similar manner.
- 3.2.3 The offeror should provide an organizational chart which clearly shows the reporting and lines of authority, to include all proposed key personnel and any proposed subcontractors. The organizational chart should identify the prime point of contact between the offeror and the AHCCCS Project Manager.
- 3.2.4 The offeror may submit any other pertinent information which would substantiate the firm possesses the experience, expertise and capability to provide the required services.

3.3 **Proposed Method of Approach:**

- 3.3.1 Proposals will be evaluated based on the offeror's distinctive plan for providing these specialized services.
- 3.3.2 The Offeror must respond to questions in Exhibit D.

Special Instructions to Offerors		 701 East Jefferson, MD 5700 Phoenix, Arizona 85034
SOLICITATION NO.: YH07-0017	PAGE 29	
	OF 69	

3.4 **Cost:** The evaluation of the category of Cost shall be based on the prices, as indicated on the Pricing Schedule submitted with offeror's proposal. In order to determine the maximum liability to the State of Arizona, any percentage increases proposed for extension option periods shall be also included in the cost evaluation.

3.5 **Additional Information:** The offeror must submit a copy of their statewide pharmacy network in Arizona on an excel spreadsheet and electronic disc.

4. Offshore Performance of Work Prohibited:

Due to security and identity protection concerns, direct services under this contract shall be performed within the borders of the United States. Any services that are described in the specifications or scope of work that directly serve the State of Arizona or its clients and may involve access to secure or sensitive data or personal client data or development or modification of software for the State shall be performed within the borders of the United States. Unless specifically stated otherwise in the specifications, this definition does not apply to indirect or "overhead" services, redundant back-up services or services that are incidental to the performance of the contract. This provision applies to work performed by subcontractors at all tiers. Offerors shall declare all anticipated offshore services in the proposal.


5. **Intent to Provide Certificate of Insurance:** The offeror should provide a statement that, if notified of contract award, will submit to AHCCCS for review and acceptance, the applicable certificate/s of insurance as required within this RFP document, within five (5) business days of such notification.

6. **Offeror's Financial Disclosure:** The offeror should complete Exhibit E, "Offeror's Financial Disclosure."

7. **Offeror's Checklist:** The offeror should complete Exhibit F, "Offeror's Checklist."

8. **Offeror's Responsibility:** The offeror is cautioned that it is the offeror's sole responsibility to submit information related to the evaluation categories and that the State of Arizona is under no obligation to solicit such information if it is not included with the offeror's proposal. Failure of the offeror to submit such information may cause an adverse impact on the evaluation of the offeror's proposal.

9. **Negotiations:** If negotiations are conducted, negotiations shall be conducted with all offerors determined to be in the competitive range or reasonably susceptible for award. Offerors may revise offers based on negotiations provided that any revision is confirmed in writing. Award may be made without negotiations; therefore, offers should be submitted complete and on most favorable terms.

Special Instructions to Offerors		 701 East Jefferson, MD 5700 Phoenix, Arizona 85034
SOLICITATION NO.: YH07-0017	PAGE 30	
	OF 69	

10. Additional Information for Submittal of Proposal:

- 10.1 It is the responsibility of each offeror to insure their proposal is delivered to AHCCCS by the due date and time. Allow for such contingencies as heavy traffic, weather, directions to submittal location, parking, common carriers not delivering as requested, etc. AHCCCS shall not accept late proposals past the due date and time.
- 10.2 AHCCCS is not responsible for supplying boxes, envelopes, tape, etc. to offerors at time of proposal delivery.
- 10.3 When submitting your proposal to AHCCCS, insure your company name and the Request for Proposal solicitation number is clearly marked on the outside of the envelope/package.

11. Value in Procurement:

Through the Governor's Efficiency Review initiative the Value in Procurement Committee has been established. A major initiative of the VIP Committee is to aggregate specific procurements to increase efficiency and cut costs. The VIP Committee may designate and establish a statewide contract for these types of goods or services. At such time, this contract may not be extended beyond its current term, although additional contract extensions may still be available.

12. Federal Immigration and Nationality Act:

The Contractor shall comply with all federal, state and local immigration laws and regulations relating to the immigration status of their employees during the term of the contract. Further, the Contractor shall flow down this requirement to all subcontractors utilized during the term of the contract. The State shall retain the right to perform random audits of Contractor and subcontractor records or to inspect papers of any employee thereof to ensure compliance. Should the State determine that the Contractor and/or any subcontractors be found noncompliant, the State may pursue all remedies allowed by law, including, but not limited to; suspension of work, termination of the contract for default, and suspension and/or debarment of the Contractor.

Uniform Terms and Conditions



SOLICITATION NO.: YH07-0017

PAGE
31

OF
69

701 East Jefferson, MD 5700

Phoenix, Arizona 85034

1. **Advertising and Promotion of Contract:** The Contractor shall not advertise or publish information for commercial benefit concerning this contract without the prior written approval of the Contracting Officer.
2. **Amendments:** This Contract is issued under the authority of the Contracting Officer who signed this Contract. The Contract may be modified only through a Contract Amendment within the scope of the Contract unless otherwise permitted by the Special Terms and Conditions. Changes to the Contract, including the addition of work or materials, the revision of payment terms, or the substitution of work or materials, directed by an unauthorized State employee or made unilaterally by the Contractor are violations of the Contract and of applicable law. Such changes, including unauthorized written Contract Amendments shall be void and without effect, and the Contractor shall not be entitled to any claim under this Contract based on those changes.
3. **Arizona Law:** The law of Arizona applies to this contract including, where applicable, the Uniform Commercial Code, as adopted in the State of Arizona.
4. **Arizona Procurement Code:** The Arizona Procurement Code, A.R.S. Title 41, Chapter 23, and its implementing rules, Arizona Administrative Code Title 2, Chapter 7, is a part of this Contract as if fully set forth in it.
5. **Assignment and Delegation:** The Contractor shall not assign any right nor delegate any duty under this contract without prior written approval of the Contracting Officer, who will not unreasonably withhold such approval.
6. **Audits and Inspections:**
 - 6.1 The Contractor shall comply with all provisions specified in A.R.S. 35-214 and 35-215 and AHCCCS policies and procedures relating to the audit of Contractor's records and the inspection of Contractor's facilities. Contractor shall fully cooperate with AHCCCS staff and allow them reasonable access to Contractor's staff, subcontractors, members, and records.
 - 6.2 At any time during the term of this contract, and five (5) years thereafter, the Contractor's or any subcontractor's books and records shall be subject to audit by AHCCCS and, where applicable, the federal government, to the extent that the books and records relate to the performance of the contract or subcontracts.
 - 6.3 AHCCCS and the federal government may evaluate through on-site inspection or other means, the quality, appropriateness and timeliness of services performed under this contract.
7. **Availability of Funds for the Next Fiscal Year:** Funds may not presently be available for performance under this Contract beyond the current fiscal year. No legal liability on the part of the State for any

Uniform Terms and Conditions



SOLICITATION NO.: YH07-0017

PAGE
32

OF
69

701 East Jefferson, MD 5700

Phoenix, Arizona 85034

payment may arise under this Contract beyond the current fiscal year until funds are made available for performance of this Contract. The State shall make reasonable efforts to secure such funds.

8. **Cancellation for Conflict of Interest:** Pursuant to A.R.S. 38-511, AHCCCS may cancel this contract within three (3) years after Contract execution without penalty or further obligation if any person significantly involved in initiating, negotiating, securing, drafting or creating the Contract on behalf of AHCCCS is or becomes at any time, while the Contract or an extension of the Contract is in effect, an employee of or a consultant to any other party to this Contract with respect to the subject matter of the Contract. The cancellation shall be effective when the Contractor receives written notice of the cancellation, unless the notice specifies a later time. If the Contractor is a political subdivision of the State, it may also cancel this Contract as provided in A.R.S. 38-511.
9. **Compliance with Applicable Laws:** The materials and services supplied under this Contract shall comply with all applicable federal, state and local laws, and the Contractor shall maintain all applicable license and permit requirements.
10. **Contract Claims:** All contract claims or controversies under this contract shall be resolved according to A.A.C. Title 9, Chapter 34 and rules adopted thereunder.
11. **Contract Order of Precedence:** In the event in the provisions of the contract, as accepted by AHCCCS and as they be amended, the following shall prevail in the order set forth below:
 - 11.1 Special Terms and Conditions;
 - 11.2 Uniform Terms and Conditions;
 - 11.3 Statement or Scope of Work;
 - 11.4 Specifications;
 - 11.5 Attachments;
 - 11.6 Exhibits;
 - 11.7 Documents, referenced or included in the solicitation.
 - 11.8 Terms and conditions of the accepted offer
12. **Contractor's Representations and Warranties:** All representations and warranties made by the Contractor under this Contract shall survive the expiration or termination hereof. In addition, the parties hereto acknowledge that pursuant to A.R.S. § 12-510, except as provided in A.R.S. § 12-529, the State is not subject to or barred by any limitations of actions prescribed in A.R.S., Title 12, Chapter 5.

Uniform Terms and Conditions



SOLICITATION NO.: YH07-0017

PAGE
33

OF
69

701 East Jefferson, MD 5700

Phoenix, Arizona 85034

13. **Delivery:** Unless stated otherwise in the contract, all prices shall be F.O.B. Destination and shall include all delivery and unloading at the destination.
14. **Exclusions:** Except as otherwise set forth in this Contract, there are no express or implied warranties of merchantability or fitness.
15. **Fitness.** The Contractor warrants that any material supplied to the State shall fully conform to all requirements of the Contract and all representations of the Contractor, and shall be fit for all purposes and uses required by the Contract.
16. **Force Majeure:**
- 16.1 Except for payment of sums due, neither party shall be liable to the other nor deemed in default under this Contract if and to the extent that such party's performance of this Contract is prevented by reason of force majeure. The term "force majeure" means an occurrence that is beyond the control of the party affected and occurs without its fault or negligence. Without limiting the foregoing, force majeure includes acts of God; acts of the public enemy; war; riots; strikes; mobilization; labor disputes; civil disorders; fire; flood; lockouts; injunctions-intervention-acts; or failures or refusals to act by government authority; and other similar occurrences beyond the control of the party declaring force majeure which such party is unable to prevent by exercising reasonable diligence.
- 16.2 Force Majeure shall not include the following occurrences:
- 16.2.1 Late delivery of equipment or materials caused by congestion at a manufacturer's plant or elsewhere, or an oversold condition of the market;
- 16.2.2 Late performance by a subcontractor unless the delay arises out of a force majeure occurrence in accordance with this force majeure term and condition; or
- 16.2.3 Inability of either the Contractor or any subcontractor to acquire or maintain any required insurance, bonds, licenses or permits.
- 16.3 If either party is delayed at any time in the progress of the work by force majeure, the delayed party shall notify the other party in writing of such delay, as soon as is practicable and no later than the following working day, of the commencement thereof and shall specify the causes of such delay in such notice. Such notice shall be delivered or mailed certified-return receipt and shall make a specific reference to this article, thereby invoking its provisions. The delayed party shall cause such delay to cease as soon as practicable and shall notify the other party in writing when it has done so. The time of completion shall be extended by Contract Amendment for a period of time equal to the time that results or effects of such delay prevent the delayed party from performing in accordance with this Contract.

Uniform Terms and Conditions



SOLICITATION NO.: YH07-0017

PAGE
34

OF
69

701 East Jefferson, MD 5700

Phoenix, Arizona 85034

16.4 Any delay or failure in performance by either party hereto shall not constitute default hereunder or give rise to any claim for damages or loss of anticipated profits if, and to the extent that such delay or failure is caused by force majeure.

17. **Gratuities:** The Contracting Officer may, by written notice to the Contractor, immediately terminate this contract if it determines that employment or a gratuity was offered or made by the Contractor or a representative of the Contractor to any officer or employee of AHCCCS for the purpose of influencing the outcome of the procurement or securing the contract, an amendment to the contract, or favorable treatment concerning the contract, including the making of any determination or decision about contract performance. The Contracting Officer, in addition to any other rights or remedies, shall be entitled to recover exemplary damages in the amount of three times the value of the gratuity offered by the Contractor.
18. **Implied Contract Terms:** Each provision of law and any terms required by law to be in this contract are a part of this contract as if fully stated in it.
19. **Indemnification -- Patent and Copyright:** The Contractor shall defend, indemnify and hold harmless AHCCCS against any liability including costs and expenses for infringement of any patent, trademark or copyright arising out of contract performance or use by AHCCCS of materials furnished or work performed under this contract. The Contracting Officer shall reasonably notify the Contractor of any claim for which it may be liable under this paragraph.
20. **Indemnification**

20.1 Contractor/Vendor Indemnification (Not Public Agency)

The parties to this contract agree that the State of Arizona, its departments, agencies, boards and commissions shall be indemnified and held harmless by the contractor for the vicarious liability of the State as a result of entering into this contract. However, the parties further agree that the State of Arizona, its departments, agencies, boards and commissions shall be responsible for its own negligence. Each party to this contract is responsible for its own negligence

20.2 Public Agency Language Only

Each party ("as indemnitor") agrees to indemnify, defend, and hold harmless the other party (as indemnitee) from and against any and all claims, losses, liability, costs, or expenses (including reasonable attorney's fees) (hereinafter collectively referred to as 'claims') arising out of bodily injury of any person (including death) or property damage but only to the extent that such claims which result in vicarious/derivative liability to the indemnitee, are caused by the act, omission, negligence, misconduct, or other fault of the indemnitor, its officers, officials, agents, employees, or volunteers.

Uniform Terms and Conditions



SOLICITATION NO.: YH07-0017

PAGE
35

OF
69

701 East Jefferson, MD 5700

Phoenix, Arizona 85034

21. **Inspection/Testing:** The contractor agrees to permit access to its facilities, subcontractor facilities and the contractor's processes for producing the materials, at reasonable times for inspection of the materials covered under this contract. AHCCCS shall also have the right to test at its own cost the materials to be supplied under this contract. Neither inspection at the contractor's facilities nor testing shall constitute final acceptance of the materials. If AHCCCS determines non-compliance of the materials, the contractor shall be responsible for the payment of all costs incurred by AHCCCS for testing and inspection.
22. **IRS W9 Form:** In order to receive payment under any resulting contract, the contractor shall have a current IRS W9 Form on file with the State of Arizona.
23. **Liens:** The Contractor warrants that the materials supplied under this contract are free of liens.
24. **No Parole Evidence:** This contract is intended by the parties as a final and complete expression of their agreement. No course of prior dealings between the parties and no usage of the trade shall supplement or explain any term used in this contract.
25. **No Waiver:** Either party's failure to insist on strict performance of any term or condition of the contract shall not be deemed a waiver of that term or condition even if the party accepting or acquiescing in the non-conforming performance knows of the nature of the performance and fails to object to it.
26. **Nonconforming Tender:** Materials supplied under this contract shall fully comply with the contract. The delivery of materials or a portion of the materials in an installment that do not fully comply constitutes a breach of contract. On delivery of nonconforming materials, AHCCCS may terminate the contract for default under applicable termination clauses in the contract, exercise any of its rights and remedies under the Uniform Commercial Code or pursue any other right or remedy available to it.
27. **Non-Discrimination:** The Contractor shall comply with State Executive Order No. 99-4, which mandates that all persons, regardless of race, color, religion, sex, national origin or political affiliation, shall have equal access to employment opportunities, and all other applicable federal and state laws, rules and regulations, including the Americans with Disabilities Act. The Contractor shall take positive action to ensure that applicants for employment, employees, and persons to whom it provides service are not discriminated against due to race, creed, color, religion, sex, national origin or disability.
28. **Non-exclusive Remedies:** The rights and the remedies of AHCCCS under this contract are not exclusive.
29. **Notices:** Notices to the Contractor required by this Contract shall be made by the Contracting Officer to the person indicated on the Offer and Acceptance form submitted by the Contractor unless otherwise stated in the Contract. Notices to AHCCCS required by the Contract shall be made by the Contractor to the Contracting Officer. An authorized Contracting Officer and an authorized Contractor representative may

Uniform Terms and Conditions



SOLICITATION NO.: YH07-0017

PAGE
36

OF
69

701 East Jefferson, MD 5700

Phoenix, Arizona 85034

change their respective person to whom notice shall be given by written notice and an amendment to the Contract shall not be necessary.

30. **Offshore Performance of Work Prohibited:** Due to security and identity protection concerns, direct services under this contract shall be performed within the borders of the United States. Any services that are described in the specifications or scope of work that directly serve the State of Arizona or its clients and may involve access to secure or sensitive data or personal client data or development or modification of software for the State shall be performed within the borders of the United States. Unless specifically stated otherwise in the specifications, this definition does not apply to indirect or “overhead” services, redundant back-up services or services that are incidental to the performance of the contract. This provision applies to work performed by subcontractors at all tiers.
31. **Payments:** The Contractor shall be paid as specified in the Contract. Payment must comply with requirements of A.R.S. Title 35.
32. **Payment of Taxes by AHCCCS:** AHCCCS shall pay only the rate and/or amount of taxes identified in the Offer and in any resulting contract.
33. **Purchase Orders:** The contractor shall, in accordance with all terms and conditions of the contract, fully perform and shall be obligated to comply with all purchase orders received by the contractor prior to the expiration or termination hereof, unless otherwise directed in writing by the Contracting Officer, including, without limitation, all purchase orders received prior to but not fully performed and satisfied at the expiration or termination of this contract.
34. **Property of AHCCCS:** Any materials, including reports, computer programs and other deliverables, created under this contract are the sole property of AHCCCS. The Contractor is not entitled to a patent or copyright on those materials and may not transfer the patent or copyright to anyone else. The Contractor shall not use or release these materials without the prior written consent of the Contracting Officer.
35. **Records:** Under A.R.S. § 35-214 and § 35-215, the Contractor shall retain and shall contractually require each subcontractor to retain all data and other records (“records”) relating to the acquisition and performance of the Contract for a period of five years after the completion of the Contract. All records shall be subject to inspection and audit by the State at reasonable times. Upon request, the Contractor shall produce a legible copy of any or all such records at no cost to the State.
36. **Relationship of Parties:** The Contractor under this contract is an independent contractor. Neither party to this contract shall be deemed to be the employee or agent of the other party to the contract.
37. **Risk of Loss:** The Contractor shall bear all loss of conforming material covered under this Contract until received by authorized personnel at the location designated in the purchase order or Contract. Mere receipt

Uniform Terms and Conditions



SOLICITATION NO.: YH07-0017

PAGE
37

OF
69

701 East Jefferson, MD 5700

Phoenix, Arizona 85034

does not constitute final acceptance. The risk of loss for nonconforming materials shall remain with the Contractor regardless of receipt.

- 38. Right of Offset:** AHCCCS shall be entitled to offset against any amounts due the Contractor any expenses or costs incurred by AHCCCS concerning the Contractor's non-conforming performance or failure to perform the contract, including expenses, costs and damages described in the proceeding paragraphs.
- 39. Right to Assurance:** If AHCCCS, in good faith, has reason to believe that the Contractor does not intend to perform or continue performing this contract, the Contracting Officer may demand in writing that the Contractor give a written assurance of intent to perform. The demand shall be sent to the Contractor by certified mail, return receipt required. Failure by the Contractor to provide written assurance within the number of days specified in the demand may, at the Contracting Officer's option, be the basis for terminating the contract.
- 40. Severability:** The provisions of this contract are severable to the extent that any provision or application held to be invalid shall not affect any other provision or application of the contract, which may remain in effect without the invalid provision, or application.
- 41. State and Local Transaction Privilege Taxes:** AHCCCS is subject to all applicable state and local transaction privilege taxes. Transaction privilege taxes apply to the sale and are the responsibility of the seller to remit. Failure to collect taxes from the buyer does not relieve the seller from its obligation to remit taxes.
- 42. Stop Work Order:**
- 42.1 AHCCCS may, at any time, by written order to the Contractor, require the Contractor to stop all or any part of the work called for by this Contract for a period of ninety (90) days after the order is delivered to the Contractor, and for any further period to which the parties may agree. The order shall be specifically identified as a stop work order issued under this clause. Upon receipt of the order, the Contractor shall immediately comply with its terms and take all reasonable steps to minimize the incurrence of costs allocable to the work covered by the order during the period of work stoppage.
- 42.2 If a stop work order issued under this clause is canceled or the period of the order or any extension expires, the Contractor shall resume work. The Contracting Officer shall make an equitable adjustment in the delivery schedule or Contract price, or both, and the Contract shall be amended in writing accordingly.

Uniform Terms and Conditions



SOLICITATION NO.: YH07-0017

PAGE
38

OF
69

701 East Jefferson, MD 5700

Phoenix, Arizona 85034

- 43. Subcontracts:** The contractor may, with the consent of the Contracting Officer, enter into written subcontract(s) for performance of certain of its functions under the contract. Subcontractors must be approved in writing by the Contracting Officer to the effective date of any subcontract.
- 43.1 No subcontract which the contractor enters into with respect to performance under the contract shall in any way relieve the contractor of any responsibility for performance of its duties.
- 43.2 The contractor shall give the Contracting Officer immediate notice in writing by certified mail of any action or suit filed and prompt notice of any claim made against the contractor by any subcontractor or vendor which in the opinion of the contractor may result in litigation related in any way to the contract with AHCCCS.
- 44. Suspension or Debarment:** The Contracting Officer may, by written notice to the Contractor, immediately terminate this Contract if the Contracting Officer or the State determine that the Contractor has been debarred, suspended or otherwise lawfully prohibited from participating in any public procurement activity, including but not limited to, being disapproved as a subcontractor of any public procurement unit or other governmental body.
- 45. Tax Indemnification:** The contractor and all subcontractors shall pay all federal, State and local taxes applicable to its operation and any persons employed by the contractor. Contractor shall, and require all subcontractors, to hold the State harmless from any responsibility for taxes, damages and interest, if applicable, contributions required under Federal and/or State and local laws and regulations and any other costs including transaction privilege taxes, unemployment compensation insurance, Social Security and Worker's Compensation.
- 46. Termination for Convenience:** The Contracting Officer reserves the right to terminate the contract in whole or in part at any time when in the best interests of AHCCCS without penalty or recourse. The Contracting Officer shall give written notice by certified mail, return receipt requested, to the Contractor of the termination at least ninety (90) days before the effective date of the termination. In the event of termination under this paragraph, all documents, data and reports prepared by the Contractor under the contract shall become the property of and be delivered to the Contracting Officer. The Contractor shall be entitled to receive just and equitable compensation for work in progress, work completed and materials accepted before the effective date of the termination. The cost principles and procedures provided in A.A.C. R 2-7-701 shall apply.
- 47. Termination for Default:**
- 47.1 The Contracting Officer reserves the right to terminate this contract in whole or in part due to the failure of the Contractor to comply with any term or condition of the contract, to acquire and maintain all required insurance policies, bonds, licenses and permits, or failure to take corrective action as required by the Contracting Officer to comply with the terms of the contract. If the

Uniform Terms and Conditions



SOLICITATION NO.: YH07-0017

PAGE
39

OF
69

701 East Jefferson, MD 5700

Phoenix, Arizona 85034

Contractor is providing services under more than one contract with AHCCCS, the Contracting Officer may deem unsatisfactory performance under one contract to be cause to require the Contractor to provide assurance of performance under any and all other contracts. In such situations, the Contracting Officer reserves the right to seek remedies under both actual and anticipatory breaches of contract if adequate assurance of performance is not received. The Contracting Officer shall mail written notice of the termination and the reason(s) for it to the Contractor by certified mail, return receipt requested.


47.2 In the event the Contractor requests a hearing prior to termination, AHCCCS is required by the Balanced Budget Act of 1997 to oversee the operation of the Contractor entity through appointment of temporary management prior to the hearing.

47.3 Upon termination under this paragraph, all documents, data, and reports prepared by the Contractor under the contract shall become the property of and be delivered to the Contracting Officer on demand.


47.4 The Contracting Officer may, upon termination of this contract, procure, on terms and in the manner that it deems appropriate, materials or services to replace those under this contract. The Contractor shall be liable for any excess costs incurred by AHCCCS in procuring the materials or services in substitution for those due from the Contractor.

48. **Third Party Antitrust Violations:** The Contractor assigns to AHCCCS any claim for overcharges resulting from antitrust violations to the extent that those violations concern materials or services supplied by third parties to the Contractor toward fulfillment of this contract.

49. **Arbitration** The Parties to this Contract agree to resolve all disputes arising out of or relating to this contract through arbitration, after exhausting applicable administrative review, to the extent required by A.R.S. § 12-1518, except as may be required by other applicable statutes (Title 41).

Special Terms and Conditions		 701 East Jefferson, MD 5700 Phoenix, Arizona 85034
SOLICITATION NO.: YH070017	PAGE 40	
	OF 69	


1. **Assignment of Contract and Bankruptcy:** This contract is voidable and subject to immediate cancellation by the Contracting Officer upon Contractor becoming insolvent or filing proceedings in bankruptcy or assigning rights or obligations under this contract without the prior written consent of the Contracting Officer.
2. **Authority to Contract:** This contract is issued under the authority of the Contracting Officer who signed this contract. Changes to the contract, including the addition of work or materials, the revision of payment terms, or the substitution of work or materials, directed by an unauthorized state employee or made unilaterally by the Contractor are violations of the contract and of applicable law. Such changes, including unauthorized written contract amendments, shall be void and without effect, and the Contractor shall not be entitled to any claim under this contract based on those changes.
3. **Choice of Forum:** The parties agree that jurisdiction over any action arising out of or relating to this contract shall be brought or filed in a court of competent jurisdiction located in the State of Arizona.
4. **Continuation of Performance Through Termination:** The contractor shall continue to perform, in accordance with the requirements of the contract, up to the date of termination, as directed in the termination notice.
5. **Conflict of Interest:** The Contractor shall not undertake any work that represents a potential conflict of interest, or which is not in the best interest of AHCCCS or the State without prior written approval by AHCCCS. The Contractor shall fully and completely disclose any situation that may present a conflict of interest. If the Contractor is now performing or elects to perform during the term of this contract any services for any AHCCCS health plan, provider or Contractor or an entity owning or controlling same, the Contractor shall disclose this relationship prior to accepting any assignment involving such party.
6. **Contract Cancellation (Immediate):** This contract is critical to AHCCCS and the agency reserves the right to immediately cancel the whole or any part of this contract due to failure of the contractor to carry out any material obligation, term or condition of the contract. The Contracting Officer shall issue a written notice of default effective at once and not deferred by any interval of time. Default shall be for acting or failing to act in any of the following:
 - 6.1 The contractor provides material that does not meet the specifications of the contract;
 - 6.2 The contractor fails to adequately perform the services set forth in the specifications of the contract;
 - 6.3 The contractor fails to complete the work required or furnish the materials required within the time stipulated in the contract;
 - 6.4 The contractor fails to make progress in the performance of the contract and/or gives the Contracting Officer reason to believe that the contractor will not or cannot perform to the requirements of the contract.
 - 6.5 The Contracting Officer may resort to any single or combination of the following remedies:

Special Terms and Conditions		 701 East Jefferson, MD 5700 Phoenix, Arizona 85034
SOLICITATION NO.: YH070017	PAGE 41	
	OF 69	

- 6.5.1 Cancel any contract;
- 6.5.2 Reserve all rights or claims to damage for breach of any covenants of the contract;
- 6.5.3 Perform any test or analysis on materials for compliance with the specifications of the contract. If the result of any test confirms a material non-compliance with the specifications, any reasonable expense of testing shall be borne by the contractor.
- 6.5.4 In case of default, the Contracting Officer reserves the right to purchase materials or to complete the required work in accordance with the Arizona Procurement Code. The Contracting Officer may recover reasonable excess costs from the contractor by:
 - 6.5.4.1 Deduction from an unpaid balance;
 - 6.5.4.2 Collection against the bid and/or performance bond; or
 - 6.5.4.3 Any combinations of the above or any other remedies as provided by law.

- 7. **Contract Disputes:** Contract disputes arising under A.R.S. § Title 36, Chapter 29 shall be adjudicated in accordance with AHCCCS Rules.
- 8. **Cooperation with other Contractors:** AHCCCS may award other contracts for additional work related to this contract and Contractor shall fully cooperate with such other contractors and AHCCCS employees or designated agents, and carefully fit its own work to such other contractors' work. Contractor shall not commit or permit any act which will interfere with the performance of work by any other contractor or by AHCCCS employees.
- 9. **Confidentiality of Records:** The contractor shall establish and maintain procedures and controls that are acceptable to AHCCCS for the purpose of assuring that no information contained in its records or obtained from AHCCCS or others carrying out its functions under the contract, shall be used or disclosed by it, its agents, officers or employees, except as required to efficiently perform duties under the contract. Persons requesting such information shall be referred to AHCCCS. The contractor also agrees that any information pertaining to individual persons shall not be divulged other than to employees or officers of the contractor as needed for the performance of duties under the contract, unless otherwise agreed to, in writing, by AHCCCS.
- 10. **Covenant Against Contingent Fees:** The Contractor warrants that no person or agency has been employed or retained to solicit or secure this contract upon an agreement or understanding for a commission, percentage, brokerage or contingent fee. For violation of this warranty, the Contracting Officer shall have the right to annul this contract without liability.

11. **Contract:**


Special Terms and Conditions		 701 East Jefferson, MD 5700 Phoenix, Arizona 85034
SOLICITATION NO.: YH070017	PAGE 42	
	OF 69	

11.1 The contract between AHCCCS and the contractor shall consist of (1) the Request for Proposal (RFP) and any amendments thereto, and (2) the proposal submitted by the contractor in response to the RFP. In the event of a conflict in language between the two documents referenced, the provisions and requirements set forth and/or referenced in the RFP shall govern. However, AHCCCS reserves the right to clarify any contractual relationship in writing, and such written clarification shall govern in case of conflict with the applicable requirements stated in the RFP or the contractor's proposal. In all other matters not affected by the written clarification, if any, the RFP shall govern.

11.2 The contract shall be construed according to the laws of the State of Arizona. The State of Arizona is not obligated for the expenditures under the contract until funds have been encumbered.

- 12. Disclosure of Confidential Information:** The Contractor shall not, without prior written approval from the Contracting Officer, either during or after the performance of the services required by this contract, use, other than for such performance, or disclose to any person other than AHCCCS personnel with a need to know, any information, data, material, or exhibits created, developed, produced, or otherwise obtained during the course of the work required by this contract. This nondisclosure requirement shall also pertain to any information contained in reports, documents, or other records furnished to the Contractor by AHCCCS.
- 13. Effective Date:** The effective date of this contract shall be the date that the Contracting Officer signs the Offer and Award page of this document.
- 14. Employees of the Contractor:** All employees of the Contractor employed or in performance of work under this Contract shall be employees of the Contractor at all times and not of AHCCCS. The Contractor shall comply with the Social Security Act, Workers' Compensation laws and unemployment laws of the State of Arizona as well as federal, state and local legislation relevant to the Contractor's business.
- 15. Federal Immigration and Nationality Act:**

The Contractor shall comply with all federal, state, and local immigration laws and regulations relating to the immigration status of their employees during the term of the contract. Further, the Contractor shall flow down this requirement to all subcontractors utilized during the term of the contract. The State shall retain the right to perform random audits of Contractor and subcontractor records or to inspect papers of any employee thereof to ensure compliance. Should the State determine that the Contractor and/or any subcontractors be found noncompliant, the State may pursue all remedies allowed by law, including, but not limited to: suspension of work, termination of the contract for default, and suspension and/or debarment of the Contractor.

Special Terms and Conditions		 701 East Jefferson, MD 5700 Phoenix, Arizona 85034
SOLICITATION NO.: YH070017	PAGE 43	
	OF 69	

16. Fraud and Abuse:


- 16.1 It shall be the responsibility of the Contractor to report all cases of suspected fraud and abuse by subcontractors, members or employees. The Contractor shall provide written notification of all such incidents to the Contracting Officer.
- 16.2 As stated in A.R.S. § 13-2310, incorporated herein by reference, any person who knowingly obtains any benefit by means of false or fraudulent pretenses, representations, promises or material omissions is guilty of a class 2 felony.
- 16.3 Contractors are required to research potential overpayments identified by a fraud and abuse investigation or audit conducted by AHCCCS. After conducting a cost benefit analysis to determine if such action is warranted, the Contractor should attempt to recover any overpayments identified due to erroneous, false or fraudulent billings.

- 17. Incorporation by Reference:** This solicitation and all attachments and amendments, the Contractor's proposal, best and final offer accepted by the Contracting Officer, and any approved subcontracts are hereby incorporated by reference into the contract.

- 18. Independent Contractor:** The contractor represents himself/herself to be an independent contractor offering such services to the general public and shall not represent himself/herself or his/her employees to be an employee of the State of Arizona and/or AHCCCS. Therefore, the contractor shall assume all legal and financial responsibility for taxes, FICA, employee fringe benefits, workers compensation, employee insurance, etc.

19. Indemnification Clause:

Contractor shall indemnify, defend, save and hold harmless the State of Arizona, its departments, agencies, boards, commissions, universities and its officers, officials, agents, and employees (hereinafter referred to as "Indemnatee") from and against any and all claims, actions, liabilities, damages, losses, or expenses (including court costs, attorneys' fees, and costs of claim processing, investigation and litigation) (hereinafter referred to as "Claims") for bodily injury or personal injury (including death), or loss or damage to tangible or intangible property caused, or alleged to be caused, in whole or in part, by the negligent or willful acts or omissions of Contractor or any of its owners, officers, directors, agents, employees or subcontractors. This indemnity includes any claim or amount arising out of or recovered under the Workers' Compensation Law or arising out of the failure of such contractor to conform to any federal, state or local law, statute, ordinance, rule, regulation or court decree. It is the specific intention of the parties that the Indemnatee shall, in all instances, except for Claims arising solely from the negligent or willful acts or omissions of the Indemnatee, be indemnified by Contractor from and against any and all claims. It is agreed that Contractor will be responsible for primary loss investigation, defense and judgment costs where this indemnification is applicable. In consideration of the award of this contract, the Contractor agrees to waive all rights of subrogation against the State of Arizona, its officers, officials, agents and employees for losses arising from the work performed by the Contractor for the State of Arizona.

Special Terms and Conditions		 701 East Jefferson, MD 5700 Phoenix, Arizona 85034
SOLICITATION NO.: YH070017	PAGE 44	
	OF 69	

This indemnity shall not apply if the contractor or sub-contractor(s) is/are an agency, board, commission or university of the State of Arizona.

20. **Insurance Requirements:**

Contractor and subcontractors shall procure and maintain until all of their obligations have been discharged, including any warranty periods under this Contract, are satisfied, insurance against claims for injury to persons or damage to property which may arise from or in connection with the performance of the work hereunder by the Contractor, his agents, representatives, employees or subcontractors.

The *insurance requirements* herein are minimum requirements for this Contract and in no way limit the indemnity covenants contained in this Contract. The State of Arizona in no way warrants that the minimum limits contained herein are sufficient to protect the Contractor from liabilities that might arise out of the performance of the work under this contract by the Contractor, its agents, representatives, employees or subcontractors, and Contractor is free to purchase additional insurance.

20.1 **Minimum Scope And Limits Of Insurance:** Contractor shall provide coverage with limits of liability not less than those stated below.

20.1.1 **Commercial General Liability – Occurrence Form**


Policy shall include bodily injury, property damage, personal injury and broad form contractual liability coverage.

- | | |
|--|-------------|
| • General Aggregate | \$2,000,000 |
| • Products – Completed Operations Aggregate | \$1,000,000 |
| • Personal and Advertising Injury | \$1,000,000 |
| • Blanket Contractual Liability – Written and Oral | \$1,000,000 |
| • Fire Legal Liability | \$ 50,000 |
| • Each Occurrence | \$1,000,000 |

20.1.1.1 The policy shall be endorsed to include the following additional insured language: ***“The State of Arizona, its departments, agencies, boards, commissions, universities and its officers, officials, agents, and employees shall be named as additional insureds with respect to liability arising out of the activities performed by or on behalf of the Contractor.”***

20.1.1.2 Policy shall contain a waiver of subrogation against the State of Arizona, its departments, agencies, boards, commissions, universities and its officers, officials, agents, and employees for losses arising from work performed by or on behalf of the Contractor.

20.1.2 **Automobile Liability**

Special Terms and Conditions		 701 East Jefferson, MD 5700 Phoenix, Arizona 85034
SOLICITATION NO.: YH070017	PAGE 45	
	OF 69	

Bodily Injury and Property Damage for any owned, hired, and/or non-owned vehicles used in the performance of this Contract.

Combined Single Limit (CSL) \$1,000,000

The policy shall be endorsed to include the following additional insured language: **“The State of Arizona, its departments, agencies, boards, commissions, universities and its officers, officials, agents, and employees shall be named as additional insureds with respect to liability arising out of the activities performed by or on behalf of the Contractor, involving automobiles owned, leased, hired or borrowed by the Contractor.”**

20.1.3. Worker's Compensation and Employers' Liability

Workers' Compensation	Statutory
Employers' Liability	
Each Accident	\$ 500,000
Disease – Each Employee	\$ 500,000
Disease – Policy Limit	\$1,000,000

20.1.3.1 Policy shall contain a waiver of subrogation against the State of Arizona, its departments, agencies, boards, commissions, universities and its officers, officials, agents, and employees for losses arising from work performed by or on behalf of the Contractor.


20.1.3.2 This requirement shall not apply to: Separately, EACH contractor or subcontractor exempt under A.R.S. 23-901, AND when such contractor or subcontractor executes the appropriate waiver (Sole Proprietor/Independent Contractor) form.

20.1.4 Professional Liability (Errors and Omissions Liability)

Each Claim	\$1,000,000
Annual Aggregate	\$2,000,000

20.1.4.1 In the event that the professional liability insurance required by this Contract is coverage will be maintained or an extended discovery period will be exercised for a period of two (2) years beginning at the time work under this Contract is completed.

20.1.4.2 Policy shall contain a waiver of subrogation against the State of Arizona, its departments, agencies, boards, commissions, universities and its officers,

Special Terms and Conditions		 701 East Jefferson, MD 5700 Phoenix, Arizona 85034
SOLICITATION NO.: YH070017	PAGE 46	
	OF 69	

officials, agents, and employees for losses arising from work performed by or on behalf of the Contractor.

20.1.4.3 The policy shall cover professional misconduct or lack of ordinary skill for those positions defined in the Scope of Work of this contract.

20.2 **Additional Insurance Requirements:** The policies shall include, or be endorsed to include, the following provisions:

20.2.1. The State of Arizona, its departments, agencies, boards, commissions, universities and its officers, officials, agents, and employees wherever additional insured status is required such additional insured shall be covered to the full limits of liability purchased by the Contractor, even if those limits of liability are in excess of those required by this Contract.

20.2.2 The Contractor's insurance coverage shall be primary insurance with respect to all other available sources.


20.2.3. Coverage provided by the Contractor shall not be limited to the liability assumed under the indemnification provisions of this Contract.

20.3 **Notice Of Cancellation:** Each insurance policy required by the insurance provisions of this Contract shall provide the required coverage and shall not be suspended, voided, canceled, or reduced in coverage or in limits except after thirty (30) days prior written notice has been given to the State of Arizona. Such notice shall be sent directly to (**AHCCCS Central Office**) and shall be sent by certified mail, return receipt requested.

20.4 **Acceptability Of Insurers:** Insurance is to be placed with duly licensed or approved non-admitted insurers in the state of Arizona with an "A.M. Best" rating of not less than A- VII. The State of Arizona in no way warrants that the above-required minimum insurer rating is sufficient to protect the Contractor from potential insurer insolvency.


20.5 **Verification Of Coverage:** Contractor shall furnish the State of Arizona with certificates of insurance (ACORD form or equivalent approved by the State of Arizona) as required by this Contract. The certificates for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf.

All certificates and endorsements are to be received and approved by the State of Arizona before work commences. Each insurance policy required by this Contract must be in effect at or prior to commencement of work under this Contract and remain in effect for the duration of the project. Failure to maintain the insurance policies as required by this Contract, or to provide evidence of renewal, is a material breach of contract.


Special Terms and Conditions		 701 East Jefferson, MD 5700 Phoenix, Arizona 85034
SOLICITATION NO.: YH070017	PAGE 47	
	OF 69	

All certificates required by this Contract shall be sent directly (**AHCCCS Central Office**). The State of Arizona project/contract number and project description shall be noted on the certificate of insurance. The State of Arizona reserves the right to require complete, certified copies of all insurance policies required by this Contract at any time. **DO NOT SEND CERTIFICATES OF INSURANCE TO THE STATE OF ARIZONA'S RISK MANAGEMENT SECTION.**

- 20.6 **Subcontractors:** Contractors' certificate(s) shall include all subcontractors as insureds under its policies **or** Contractor shall furnish to the State of Arizona separate certificates and endorsements for each subcontractor. All coverages for subcontractors shall be subject to the minimum requirements identified above.
- 20.7 **Approval:** Any modification or variation from the *insurance requirements* in this Contract shall be made by the Department of Administration, Risk Management Section, whose decision shall be final. Such action will not require a formal Contract amendment, but may be made by administrative action.
- 20.8 **Exceptions:** In the event the Contractor or sub-contractor(s) is/are a public entity, then the Insurance Requirements shall not apply. Such public entity shall provide a Certificate of Self-Insurance. If the contractor or sub-contractor(s) is/are a State of Arizona agency, board, commission, or university, none of the above shall apply.
21. **Key Personnel:** It is essential that the contractor provide an adequate staff of experienced personnel, capable of and devoted to the successful accomplishment of work to be performed under this contract. The contractor must assign specific individuals to the key positions. Once assigned to work under the contract, key personnel shall not be removed or replaced without the prior written approval of AHCCCS' authorized representative and a copy to the Contracting Officer of record.
22. **Licenses:** Contractor shall maintain in current status all federal, state and local licenses and permits required for the operation of the business conducted by the contractor.
23. **Lobbying:** No funds paid to the Contractor by AHCCCS, or interest earned thereon, shall be used for the purpose of influencing or attempting to influence an officer or employee of any federal or State agency, a member of the United States Congress or State Legislature, an officer or employee of a member of the United States Congress or State Legislature in connection with awarding of any federal or State contract, the making of any federal or State grant, the making of any federal or State loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment or modification of any federal or State contract, grant, loan, or cooperative agreement. The Contractor shall disclose if any funds other than those paid to the Contractor by AHCCCS have been used or will be used to influence the persons and entities indicated above and will assist AHCCCS in making such disclosures to CMS.
24. **No Guaranteed Quantities:** AHCCCS does not guarantee the Contractor any minimum or maximum quantity of services or goods to be provided under this contract.

Special Terms and Conditions		 701 East Jefferson, MD 5700 Phoenix, Arizona 85034
SOLICITATION NO.: YH070017	PAGE 48	
	OF 69	

- 25. Non-exclusive Contract:** Any contract resulting from this solicitation shall be awarded with the understanding and agreement that it is for the sole convenience of AHCCCS. The state reserves the right to obtain like goods or services from another source when necessary.
- 26. Other Contracts:** AHCCCS may undertake or award other contracts for additional or related work and the contractor shall fully cooperate with such contractors and state employees and carefully fit his own work to such additional work. The contractor shall not commit or permit any act which will interfere with the performance of work by any other contractor or by state employees. AHCCCS shall equitably enforce this section to all contractors to prevent the imposition of unreasonable burdens on any contractor.
- 27. Ownership of Information and Data:**
- 27.1 Any data or information system, including all software, documentation and manuals, developed by Contractor pursuant to this contract, shall be deemed to be owned by AHCCCS. The federal government reserves a royalty-free, nonexclusive, and irrevocable license to reproduce, publish, or otherwise use and to authorize others to use for federal government purposes, such data or information system, software, documentation and manuals. Proprietary software which is provided at established catalog or market prices and sold or leased to the general public shall not be subject to the ownership or licensing provisions of this section.
- 27.2 Data, information and reports collected or prepared by Contractor in the course of performing its duties and obligations under this contract shall be deemed to be owned by AHCCCS. The ownership provision is in consideration of Contractor's use of public funds in collecting or preparing such data, information and reports. These items shall not be used by Contractor for any independent project of Contractor or publicized by Contractor without the prior written permission of the Contracting Officer. Subject to applicable state and federal laws and regulations, AHCCCS shall have full and complete rights to reproduce, duplicate, disclose and otherwise use all such information. At the termination of the contract, Contractor shall make available all such data to the Contracting Officer within thirty (30) days following termination of the contract or such longer period as approved by the Contracting Officer. For purposes of this subsection, the term "data" shall not include member medical records.
- 27.3 Except as otherwise provided in this section, if any copyrightable or patentable material is developed by Contractor in the course of performance of this contract, the federal government, AHCCCS and the State of Arizona shall have a royalty-free, nonexclusive, and irrevocable right to reproduce, publish, or otherwise use, and to authorize others to use, the work for state or federal government purposes. Contractor shall additionally be subject to the applicable provisions of 45 CFR Part 74 and 45 CFR Parts 6 and 8.
- 28. Responsibility for Payments Indemnification:** The contractor shall be responsible for issuing payment for services performed by the contractor's employees and will indemnify and save AHCCCS harmless for all claims whatsoever growing out of the lawful demands of employees, subcontractors, suppliers or any other third party incurred in the furtherance of the performance of the contract. The contractor shall, at AHCCCS'

Special Terms and Conditions		 701 East Jefferson, MD 5700 Phoenix, Arizona 85034
SOLICITATION NO.: YH070017	PAGE 49	
	OF 69	

request, furnish satisfactory evidence that all obligations of the nature hereinabove designated have been paid, discharged or waived.

29. Term of Contract and Option to Renew:


- 29.1 The initial term of this contract shall be for three (3) year initial period with two (2) one-year options to extend, not to exceed a total contracting period of five (5) years. The terms and conditions of any such contract extension shall remain the same as the original contract, as amended. All contract extensions shall be through contract amendment, and shall be at the sole option of AHCCCS.
- 29.2 When the Contracting Officer issues an amendment to extend the contract, the provisions of such extension will be deemed to have been accepted 60 days after the date of mailing by the Contracting Officer, even if the extension amendment has not been signed by the Contractor, unless within that time the Contractor notifies the Contracting Officer in writing that it refuses to sign the extension amendment. If the Contractor provides such notification, the Contracting Officer will initiate contract termination proceedings.
- 29.3 If the Contractor chooses not to renew this contract, the Contractor may be liable for certain costs associated with the transition of its members to a different Contractor. If the Contractor provides the Contracting Officer written notice of its intent not to renew this contract at least 180 days before its expiration, this liability for transition costs may be waived by the Contracting Officer.

30. Termination - Availability of Funds: Funds are not presently available for performance under this contract beyond the current fiscal year. No legal liability on the part of AHCCCS for any payment may arise under this contract until funds are made available for performance of this contract. AHCCCS shall make reasonable efforts to secure such funds.

31. Type of Contract: Firm Fixed-Price.

32. Warranty of Services: The Contractor warrants that all services provided under this contract will conform to the requirements stated herein. AHCCCS' acceptance of services provided by the Contractor shall not relieve the Contractor from its obligations under this warranty. In addition to its other remedies, the Contracting Officer may, at the Contractor's expense, require prompt correction of any services failing to meet the Contractor's warranty herein. Services corrected by the Contractor shall be subject to all of the provisions of this contract in the manner and to the same extent as the services originally furnished.

33. Order of Precedence: The parties to this contract shall be bound by all terms and conditions contained herein. For interpreting such terms and conditions the following sources shall have precedence in descending order: The Constitution and laws of the United States and applicable federal regulations; the terms of the HCFA 1115 waiver for the State of Arizona; the Constitution and laws of Arizona, and applicable State rules; the terms of this contract, including all attachments and executed amendments and modifications; AHCCCS policies and procedures.

Special Terms and Conditions		 701 East Jefferson, MD 5700 Phoenix, Arizona 85034
SOLICITATION NO.: YH070017	PAGE 50	
	OF 69	

34. **Usage Report:** The contractor shall furnish the Contracting Officer a usage report delineating the acquisition activity governed by the contract. The format of the report shall be approved by the Contracting Officer and shall disclose the quantity and the dollar value of each contract item by individual purchasing unit. The usage report shall be due at the end of each three month period of the contract term.

35. **Augmentation of Services:**

During the course of this Contract, the Contract Officer may determine the need to augment various levels and identified skill-sets, including expanding position descriptions, creating new position descriptions and/or modifying existing position descriptions. Such identified needs may be based upon performance, pricing, availability and current business conditions.

36. **Transition Period:** A transition period of up to sixty (60) days shall be established in the event the current contractor is not awarded a contract. During this period the current contractor shall provide existing pager services until the contract user is able to replace existing units. Once the change in contractors is acknowledged, that portion of the service shall be discontinued by the old contractor and shall be provided by the new contractor. Payment shall be made to the vendor providing the service.


37. **Transition Activities:**

Upon the expiration of this Contract, AHCCCS anticipates a continued need for the Contracted services specified herein. In the event that a Contract is awarded to a new Contractor, there shall be a transition of service period. During this period, the outgoing Contractor shall work closely with the new Contractor's personnel and/or AHCCCS staff to ensure a smooth and complete transfer of duties and responsibilities.

All transition activities will be coordinated by AHCCCS's authorized representative. A transition plan will be developed in conjunction with the outgoing Contractor to assist the new Contractor and/or AHCCCS staff to implement the transfer of information.

AHCCCS reserves the right to determine which projects nearing completion will remain with the outgoing Contractor.


38. **Contractor Staff Training** AHCCCS shall not reimburse the Contractor for costs related to training the Contractor's staff to perform tasks specified by the Scope of Work.

HIPAA Business Associates Agreement		 701 East Jefferson, MD 5700 Phoenix, Arizona 85034
SOLICITATION NO.: YH07-0017	PAGE 51	
	OF 69	


This Addendum is made part of this Contract between the Arizona Health Care Cost Containment System ("AHCCCS") and the **Contractor**, referred to as "Business Associate" in this addendum.

AHCCCS and Business Associate agree that this Contract shall comply with the Administrative Simplification requirements of the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), as set forth in Title 45, Parts 160 and 164 of the Code of Federal Regulations (the "CFR"). In the event of conflicting terms or conditions, this Addendum shall supersede the Contract.


1. **Definitions.** Capitalized terms not otherwise defined in the Contract shall have the meanings given to them in Title 45, Parts 160 and 164 of the CFR and are incorporated herein by reference.
2. **Use and Disclosure of Protected Health Information.** Business Associate shall use and/or disclose Protected Health Information ("PHI") only to the extent necessary to satisfy Business Associate's obligations under the Contract.
3. **Prohibition on Unauthorized Use or Disclosure of PHI.** Business Associate shall not use or disclose any PHI received from or on behalf of AHCCCS, except as permitted or required by the Contract, as required by law or as otherwise authorized in writing by AHCCCS. Business Associate shall comply with:
 - (a) Title 45, Part 164 of the CFR;
 - (b) State laws, rules and regulations applicable to PHI not preempted pursuant to Title 45, Part 160, Subpart B of the CFR or the Employee Retirement Income Security Act of 1974 ("ERISA") as amended; and
 - (c) AHCCCS's health information privacy and security policies and procedures.
4. **Business Associate's Operations.** Business Associate may use PHI it creates or receives for or from AHCCCS only to the extent necessary for Business Associate's proper management and administration or to carry out Business Associate's legal responsibilities. Business Associate may disclose such PHI as necessary for Business Associate's proper management and administration or to carry out Business Associate's legal responsibilities only if:
 - (a) The disclosure is required by law; or
 - (b) Business Associate obtains reasonable assurance, evidenced by written contract, from any person or organization to which Business Associate shall disclose such PHI that such person or organization shall:
 - (i) **Hold such PHI in confidence and use or further disclose it only for the purpose for which Business Associate disclosed it to the person or organization or as required by law; and**
 - (ii) **Notify Business Associate (who shall in turn promptly notify AHCCCS) of any instance of which the person or organization becomes aware in which the confidentiality of such PHI was breached.**

HIPAA Business Associates Agreement		 701 East Jefferson, MD 5700 Phoenix, Arizona 85034
SOLICITATION NO.: YH07-0017	PAGE 52	
	OF 69	

5. Data Aggregation Services. Business Associate may use PHI to provide Data Aggregation Services related to AHCCCS's Health Care Operations.
6. PHI Safeguards. Business Associate shall develop, implement, maintain and use appropriate administrative, technical and physical safeguards to prevent the improper use or disclosure of any PHI received from or on behalf of AHCCCS.
7. Electronic Health Information Security and Integrity. Business Associate shall develop, implement, maintain and use appropriate administrative, technical and physical security measures in compliance with Section 1173(d) of the Social Security Act, Title 42, Section 1320d-2(d) of the United States Code and Title 45, Part 142 of the CFR to preserve the integrity and confidentiality of all electronically maintained or transmitted Health Information received from or on behalf of AHCCCS pertaining to an individual. Business Associate shall document and keep these security measures current.
8. Protection of Exchanged Information in Electronic Transactions. If Business Associate conducts any Standard Transaction for or on behalf of AHCCCS, Business Associate shall comply, and shall require any subcontractor or agent conducting such Standard Transaction to comply, with each applicable requirement of Title 45, Part 162 of the CFR. Business Associate shall not enter into or permit its subcontractors or agents to enter into any Trading Partner Contract in connection with the conduct of Standard Transactions for or on behalf of AHCCCS that:
 - (a) changes the definition, Health Information condition or use of a Health Information element or segment in a Standard;
 - (b) adds any Health Information elements or segments to the maximum defined Health Information set;
 - (c) uses any code or Health Information elements that are either marked "not used" in the Standard's Implementation Specification or are not in the Standard's Implementation Specification(s); or
 - (d) changes the meaning or intent of the Standard's Implementation Specification(s).
9. Subcontractors and Agents. Business Associate shall require each of its subcontractors or agents to whom Business Associate may provide PHI received from, or created or received by Business Associate on behalf of AHCCCS to agree to written contractual provisions that impose at least the same obligations to protect such PHI as are imposed on Business Associate by the Contract.
10. Access to PHI. Business Associate shall provide access, at the request of AHCCCS, to PHI in a Designated Record Set, to AHCCCS or, as directed by AHCCCS, to an individual to meet the requirements under Title 45, Part 164, Subpart E, Section 164.524 of the CFR and applicable state law. Business Associate shall provide access in the time and manner set forth in AHCCCS's health information privacy and security policies and procedures.
11. Amending PHI. Business Associate shall make any amendment(s) to PHI in a Designated Record Set that AHCCCS directs or agrees to pursuant to Title 45, Part 164, Subpart E, Section 164.526 of the CFR at the request of AHCCCS or an Individual, and in the time and manner set forth in AHCCCS's health information privacy and security policies and procedures.

HIPAA Business Associates Agreement		 701 East Jefferson, MD 5700 Phoenix, Arizona 85034
SOLICITATION NO.: YH07-0017	PAGE 53	
	OF 69	

12. Accounting of Disclosures of PHI.
- (a) Business Associate shall document such disclosures of PHI and information related to such disclosures as would be required for AHCCCS to respond to a request by an Individual for an accounting of disclosures of PHI in accordance with Title 45, Part 164, Subpart E, Section 164.528 of the CFR.
 - (b) Business Associate agrees to provide AHCCCS or an individual, in the time and manner set forth in AHCCCS's health information privacy and security policies and procedures, information collected in accordance with Section 11(a) above, to permit AHCCCS to respond to a request by an individual for an accounting of disclosures of PHI in accordance with Title 45, Part 164, Subpart E, Section 164.528 of the CFR.
13. Access to Books and Records. Business Associate shall make its internal practices, books and records relating to the use and disclosure of PHI received from or on behalf of AHCCCS available to AHCCCS and to DHHS or its designee for the purpose of determining AHCCCS's compliance with the Privacy Rule.
14. Reporting. Business Associate shall report to AHCCCS any use or disclosure of PHI not authorized by the Contract, by law, or in writing by AHCCCS. Business Associate shall make the report to AHCCCS's Privacy Official not less than 24 hours after Business Associate learns of such unauthorized use or disclosure. Business Associate's report shall at least:
- (a) identify the nature of the unauthorized use or disclosure;
 - (b) identify the PHI used or disclosed;
 - (c) identify who made the unauthorized use or received the unauthorized disclosure;
 - (d) identify what Business Associate has done or shall do to mitigate any deleterious effect of the unauthorized use or disclosure;
 - (e) identify what corrective action Business Associate has taken or shall take to prevent future similar unauthorized use or disclosure; and
 - (f) provide such other information, including a written report, as reasonably requested by AHCCCS's Privacy Official.
15. Mitigation. Business Associate agrees to mitigate, to the extent practicable, any harmful effect that is known to Business Associate of a use or disclosure of PHI by Business Associate in violation of the requirements of the Contract.
16. Termination for Cause. Upon AHCCCS's knowledge of a material breach by Business Associate of the terms of this Addendum, AHCCCS shall:
- (a) Provide an opportunity for Business Associate to cure the breach or end the violation and terminate if Business Associate does not cure the breach or end the violation within the time specified by AHCCCS.
 - (b) Immediately terminate the Contract if Business Associate has breached a material term of the Contract and cure is not possible.


HIPAA Business Associates Agreement		 701 East Jefferson, MD 5700 Phoenix, Arizona 85034
SOLICITATION NO.: YH07-0017	PAGE 54	
	OF 69	

- (c) If neither termination nor cure is feasible, AHCCCS shall report the violation to DHHS.

17. Return or Destruction of Health Information.

- (a) Except as provided in Section 17(b) below, upon termination, cancellation, expiration or other conclusion of the Contract, Business Associate shall return to AHCCCS or destroy all PHI received from AHCCCS, or created or received by Business Associate on behalf of AHCCCS. This provision shall apply to PHI that is in the possession of subcontractors or agents of Business Associate. Business Associate shall retain no copies of the PHI.
- (b) In the event that Business Associate determines that returning or destroying the PHI is not feasible, Business Associate shall provide to AHCCCS notification of the conditions that make return or destruction not feasible. Upon verification by AHCCCS that the return or destruction of PHI is not feasible, Business Associate shall extend the protections of the Contract to such PHI and limit further uses and disclosure of PHI to those purposes that make the return or destruction not feasible, for so long as Business Associate maintains such PHI.


18. Automatic Amendment. Upon the effective date of any amendment to the regulations promulgated by HHS with respect to PHI, the Contract shall automatically amend such that the obligations imposed on Business Associate as a Business Associate remain in compliance with such regulations.

Exhibit A - Key Personnel		 701 East Jefferson, MD 5700 Phoenix, Arizona 85034
SOLICITATION NO.: YH07--0017	PAGE 55	
	OF 69	

KEY PERSONNEL

NAME OF KEY PERSON	TITLE

NOTE: Attach a resume for each individual, as required in the Special Instructions to Offerors.

Exhibit B - Resumes for Key Personnel		 701 East Jefferson, MD 5700 Phoenix, Arizona 85034
SOLICITATION NO.: YH07-0017	PAGE 56	
	OF 69	

1. Complete a separate resume for each key person who will be proposed to provide the services as required in the Scope of Work. Each resume should, at a minimum, contain at least the following information:
 - 1.1 Name of person;
 - 1.2 Proposed position for contract service;
 - 1.3 Position currently held in offeror's firm;
 - 1.4 Number of years with offeror's firm;
 - 1.5 Number of years experience providing services being procured by this solicitation;
 - 1.6 Job related training;
 - 1.7 Education;
 - 1.8 Qualifications;
 - 1.9 Previous related experience with large local, state or federal government agencies;
 - 1.10 Certifications;
 - 1.11 Membership in professional organizations;
 - 1.12 Primary functions person will fulfill under this Contract;
 - 1.13 If person will not be assigned exclusively to this Contract, what percentage of time will person be assigned to this Contract, and
 - 1.14 Any additional information which would substantiate the key person possesses the experience, expertise and knowledge to provide the proposed services.

Exhibit C - Firm's References



701 East Jefferson, MD 5700


Phoenix, Arizona 85034

SOLICITATION NO.: **YH07-0017**

PAGE
57

OF
69

1. References should be verifiable and should be able to comment on the firm's related experience. The Offeror should submit a minimum of three (3) similar size and scope professional references for organizations your company has provided services. Each reference should provide at least the following information:
 - 1.1 Name, address and telephone number of Contracting Agency or Company;
 - 1.2 Contact Person who may be contacted for verification of all information submitted;
 - 1.3 Location of Services;
 - 1.4 Name of all key personnel and sub-contractors used;
 - 1.5 Start and completion date of work performed, and
 - 1.6 Detailed written narrative of the specific services performed.

Exhibit D - Method of Performance		 701 East Jefferson, MD 5700 Phoenix, Arizona 85034
SOLICITATION NO.: YH07-0017	PAGE 58	
	OF 69	

1. Implementation

Contractor will provide Implementation Schedule assuming a go live date of January 1, 2007 (See Scope of Work, E.-Performance Guarantees)

2. Specialty Drug Program

A. The proposer will respond to the following questions:

1. Define and categorize “specialty” drugs as applied to your services.
2. Please provide a complete description of the Specialty Pharmacy program(s) including:
 - a. A copy of the contract offered to each specialty pharmacy provider.
 - b. Classification of the financial and organizational relationship with each specialty pharmacy provider.
 - c. A comprehensive list in electronic spreadsheet format by NDC and J code numbers including discounts of specialty pharmaceuticals that your organization and/or specialty vendor is capable of dispensing and distributing to HCG members and/or providers
 - d. Specialty pharmacy vendor’s ability to handle both electronic NDC and J-code billing with separate utilization spending
 - e. Specialty pharmacy’s ability to notify HCG of new-to-market ,high cost injectable products
 - f. Any Contractor retention of any spread on the pricing/billing of specialty pharmaceuticals
 - g. Specialty pharmacy vendor’s ability to accept HCG on-line PA approvals
 - h. A description of specialty pharmacy services (e.g., counseling, disease management / case management, delivery options, supplying necessary injection equipment and supplies, and/or compliance monitoring)
 - i. Locations of specialty pharmacies

3. Generic Maximum Allowable Cost (MAC) Program

A. The Contractor will respond to the following questions:

1. Describe your MAC program including your logic for MAC listing and your frequency of updating the MAC list
2. Provide the number of Generic Product Indicators (GPI), expressed as the number of Generic Code Numbers (GCN) for inclusion in the MAC program.


4. Rebate Program

A. Describe your proposed rebate proposal to HCG, including the following information:

1. Basis of rebate (e.g., “per claim”, per utilization of rebatable drug) and over what term (e.g. life of contract)
2. Confirm that rebates are guaranteed and at what level (e.g., percent of rebate amount, amounts per retail or mail claim)
3. Any conditions that would impact HCG’s eligibility to receive rebates (e.g., formulary requirements, specific utilization requirements.
4. Timeliness of rebate payments to HCG
5. Audit ability of rebate payments and conditions for auditing rebate amounts.

B. Provide a sample rebate report

5. Data, System and Reporting Requirements


Exhibit D - Method of Performance		 Healthcare Group of Arizona
SOLICITATION NO.: YH07-0017	PAGE 59	
	OF 69	

701 East Jefferson, MD 5700

Phoenix, Arizona 85034

A. Provide responses to the following questions:

1. Briefly outline eligibility system capabilities, including file formats, eligibility maintenance and transfer, on-line access to HCG representatives for viewing and editing records, ability to set up and manage eligibility for multiple plans, and turn around times for updating the system.
2. Explain the Point of Service system and summarize the advantages of your system over that of competitors.
3. Describe Contractor's ability to customize system responses to any and all data elements captured (See Exhibit for required data fields), to apply logic and query against claims files.
4. Describe Contractor capability to support web enabled or online reporting at different levels of account hierarchy, including any limitations on the number of users, software or hardware requirements, availability of on site training, help desk availability, and any limitations on data integration.
6. Describe Coordination of Benefits (COB) procedures.
7. Describe what benchmarks you would propose for measuring program effectiveness.
8. Describe what analytic services you use to measure program effectiveness and to make recommendations to improve program effectiveness
9. Describe your organization's ability to report member situations of over/under utilization and how you coordinate the communication of this information to the appropriate provider(s).
10. Provide a description of procedures surrounding disputed claims including:
 - a. The steps that a participating pharmacy must follow to dispute a claim reimbursement.
 - b. The average amount of time that is needed to resolve acclaims dispute.
 - c. Turn around time standards for dispute resolution.
11. Describe your on-line web-based reporting tool with capabilities to produce standard and ad hoc reports to HCG management staff.
 - a. Identify any software or hardware requirements for your on-line system.
 - b. Describe your customer support and training for this system.
 - c. What is your timetable for delivery of data to this tool? Please confirm your expected timetable for implantation of the tool.
 - d. Will you provide HCG with user IDs login and password to allow HCG to preview the reporting tool?
 - e. Discuss your system's ability to extract, merge, and analyze data for HEDIS, CMS and other regulatory situation, including a central repository for an Arizona regional health information organization.
 - f. Confirm your system's capability to report the cost and utilization metrics identified in Attachment
12. Provide a sample of sample monthly, quarterly, and annual standard management reports and a menu of other reports available.
 - a. What is your reporting timetable for providing these reports?
 - b. Can you produce reporting by specific groups such as age, gender, county of residence, pregnancy?
 - c. Can you provide benchmarks for our membership population?
 - d. What clinical program reporting (e.g., under/over utilization patient situations, multiple pharmacy/physician utilization by member) can your systems support? How are these reports used to support physician and member communications (e.g., Dear Doctor letters)
 - e. Confirm your ability to produce a claims aging summary indicating claims payment timeliness.
13. Describe your ability to support administration of Health Savings Accounts (HSA) and Health Reimbursement Accounts (HRA).
14. Describe your security and backup procedures for your system.
15. Confirm your ability to report the metrics required for the performance guarantees (see Scope of Work, E. Performance Guarantees).

Exhibit E – Clinical Programs		 701 East Jefferson, MD 5700 Phoenix, Arizona 85034
SOLICITATION NO.: YH07-0017	PAGE 60	
	OF 69	

6. Clinical and PDL Management Programs

- A. At its option HCG may require the Contractor to provide the following optional clinical and utilization management reports (see Exhibit E):
1. Enhanced Concurrent DUR: Step Therapy Edits.
 2. Enhanced Concurrent DUR: Quantity per Rx Limits
 3. Enhanced Concurrent DUR: Dose/Duration of Therapy Edits
 4. Discount Botanicals/Supplements
 5. Over the Counter (OTC) substitution (e.g. Proton Pump Inhibitors, Non-sedating antihistamines)
 6. Other

Please use the following tables to describe your clinical and PDL management programs.

Program Type:	Basic Concurrent DUR
Program Name & Description:	
Program Cost (if any):	
Anticipated Savings:	
Guaranteed Savings (if any):	
Other information:	

Program Type:	Retrospective DUR
Program Name & Description:	
Program Cost (if any):	
Anticipated Savings:	
Guaranteed Savings (if any):	
Other information:	

Program Type:	Prior Authorization (Standard)
Program Name & Description:	
Program Cost (if any):	
Anticipated Savings:	
Guaranteed Savings (if any):	
Other information:	

Program Type:	Prior Authorization (Automated , drug history, and patient demographic information used to reduce member disruption)
Program Name & Description:	
Program Cost (if any):	
Anticipated Savings:	
Guaranteed Savings (if any):	
Other information:	

Program Type:	Enhanced Concurrent DUR: Step Therapy Edits
Program Name & Description:	
Program Cost (if any):	

Exhibit E – Clinical Programs



701 East Jefferson, MD 5700

Phoenix, Arizona 85034

SOLICITATION NO.: YH07-0017

PAGE
61

OF
69

Anticipated Savings:	
Guaranteed Savings (if any):	
Other information:	

At its option HCG may require the Contractor to provide the following optional clinical and utilization management reports (see Exhibit E):

- b. Enhanced Concurrent DUR: Step Therapy Edits.
- c. Enhanced Concurrent DUR: Quantity per Rx Limits
- d. Enhanced Concurrent DUR: Dose/Duration of Therapy Edits
- d. Discount Botanicals/Supplements
- e. Over the Counter (OTC) substitution (e.g. Proton Pump Inhibitors, Non-sedating antihistamines)
- f. Other


Program Type:	Enhanced Concurrent DUR: Quantity per Rx Limits
Program Name & Description:	
Program Cost (if any):	
Anticipated Savings:	
Guaranteed Savings (if any):	
Other information:	

Program Type:	Enhanced Concurrent DUR: Dose/Duration of Therapy Edits
Program Name & Description:	
Program Cost (if any):	
Anticipated Savings:	
Guaranteed Savings (if any):	
Other information:	

Program Type:	Discount Botanical/Supplements
Program Name & Description:	
Program Cost (if any):	
Anticipated Savings:	
Guaranteed Savings (if any):	
Other information:	

Program Type:	OTC Substitution
Program Name & Description:	
Program Cost (if any):	
Anticipated Savings:	
Guaranteed Savings (if any):	
Other information:	

Program Type:	Other Programs (e.g., Patient Compliance)
Program Name & Description:	
Program Cost (if any):	

Exhibit E – Clinical Programs		 <p>701 East Jefferson, MD 5700</p> <p>Phoenix, Arizona 85034</p>
SOLICITATION NO.: YH07-0017	PAGE 62	
	OF 69	

Anticipated Savings:	
Guaranteed Savings (if any):	
Other information:	

Exhibit F - Pricing		 701 East Jefferson, MD 5700 Phoenix, Arizona 85034
SOLICITATION NO.: YH07-0017	PAGE 63	
	OF 69	

PRICING RESPONSE

A. Provide net ingredient cost and dispensing fee for the attached PDL claim extract file see at <http://azahcccs.gov/Contracting/RFP.asp> using your proposed brand and generic pricing using the PDL and plan design for the PPO. The format for this file is Exhibit F, Claims Cost Proforma. Once you have completed that task, you are ready to complete the propose4d pricing on the following page.

(Please fill in proposed pricing in form below)

Retail	
Brand Discount Guarantee	AWP - ____ % + ____ dispensing fee
Generic Discount Guarantee(assigned MAC)	AWP - ____ % + ____ dispensing fee
Guaranteed Generic Discount (non-MAC)	AWP - ____ % + ____ dispensing fee

Mail Order	
Brand Discount Guarantee	AWP - ____ % + ____ dispensing fee
Generic Discount Guarantee (assigned MAC)	AWP - ____ % + ____ dispensing fee
Guaranteed Generic Discount (non-MAC)	AWP - ____ % + ____ dispensing fee

Specialty Drug	
Retail Specialty Product Discount	AWP - ____ % + ____ dispensing fee
Mail Order Specialty Product Discount	AWP - ____ % + ____ dispensing fee

Administrative Fees	
Administrative Fee (inclusive of all other costs)	\$ _____ per member per month
Fee for Member Identification Cards	\$ ----- - per clinical review
Fee Clinical Prior Authorization	\$ -----standard 20,000 cards

Exhibit F – Pricing



701 East Jefferson, MD 5700

Phoenix, Arizona 85034

SOLICITATION NO.: YH07-0017

PAGE
64

OF
69

Claims Cost Proforma

Date of service - date Rx was filled

Delivery System - Retail Pharmacy Network or Mail Order

Drug Identifier - 11 digit NDC number

Generic or Brand Indicator

Drug Name

Drug strength

Ingredient cost - Average wholesale price minus your proposed pharmacy contract discount

Dispensing fee - Fee charged by pharmacy

Date of
service

Retail/Mail

NDC
Number

G/B

Drug Name

Drug
strength

Ingredient
Cost

Dispensing
Fee

0

0

0

0

0


0

0

0

0


The data for this attachment is on the AHCCCS website <http://azahcccs.gov/Contracting/RFP.asp>. It is read only. You will need to do a "save as" to allow you to complete the work sheet. Please submit the above data in hard copy and disk. All NDC numbers require 11 fields, back fill with zeros when necessary.

Exhibit G - Offeror's Financial Disclosure		 701 East Jefferson, MD 5700 Phoenix, Arizona 85034
SOLICITATION NO.: YH07-0017	PAGE 65	
	OF 69	

OFFEROR'S FINANCIAL DISCLOSURE


Instructions: Complete each item, using attachments where necessary. If attachments are used, indicate the item number and question being referenced as it appears below.

	<u>YES</u>	<u>NO</u>
A. Does the Offeror's organization prepare a public annual financial statement? If yes, provide a copy of the most recent annual financial statement OR (contract officer chooses one or the other) If yes, is one available upon request?	_____	_____
B. Is your organization audited by an independent auditor? If yes, answer 1 through 4.	_____	_____
1) How often are audits conducted? _____		
2) By whom are they conducted? _____		
3) Are management letters or internal controls issued by the auditing firm?	_____	_____
4) Does your organization have any uncorrected audit exceptions?	_____	_____
C. Are there any suits, judgments, tax deficiencies or claims pending against your organization? If yes, answer 1 and 2	_____	_____
1) What is the dollar amount? _____		
2) In which state(s)? _____		
D. Has the Offeror's organization ever gone through bankruptcy?	_____	_____

Exhibit H - Offeror's Checklist		 701 East Jefferson, MD 5700 Phoenix, Arizona 85034
SOLICITATION NO.: YH07-0017	PAGE 66	
	OF 69	

Note to Prospective Offerors: This Exhibit has been added to this RFP as a convenience to offerors. It is believed to be a complete listing of all submission requirements pursuant to this RFP. However, if a requirement is stated anywhere in the RFP text, yet does not appear in the Offeror's Checklist, the text statement takes precedence over the omission of that requirement in the Offeror's Checklist.

Requirement #	Description:	RFP Page Approximately	Offeror's Page #
1	Offeror's checklist completed (i.e., page numbers entered in the right-hand column of this table.)	This Page	
2	Offer and Acceptance page complete	Page 3	
3	Pricing Schedules	Page 63	
4	Copies of proposal submitted as one (1) marked "Original" and five (5) copies	Page 27	
	<i>Proposal consists of the following:</i>		
5	List of all proposed Key Personnel	Pages 27,& 55	
6	Detailed explanation of each key person's experience , technical expertise, and qualifications.	Page 27	
7	Resume for each key person	Pages 27 & 56	
8	Detailed table summarizing the firm's experience	Page 28	
9	Minimum of three (3) references for the firm	Pages 28 & 57	
10	Organizational Chart	Page 28	
11	Offeror's format/method for providing the required services	Pages 28 & 58-59	
12	Implementation Schedule	Pages 9 & 58	
13	Statement of Intent to provide Certificate of Insurance	Page 67	
14	Financial Disclosure (Exhibit G)	Page 65	

Certificate of Insurance		 701 East Jefferson, MD 5700 Phoenix, Arizona 85034
SOLICITATION NO.: YH07-0017	PAGE 67	
	OF 69	

Prior to commencing services under this contract, the contractor must furnish the state certification from insurer(s) for coverages in the minimum amounts as stated below. The coverages shall be maintained in full force and effect during the term of this contract and shall not serve to limit any liabilities or any other contractor obligations.

Name and Address of Insurance Agency:	Company Letter:	Companies Affording Coverage:
	A	
	B	
Name and Address of Insured:	C	
	D	

LIMITS OF LIABILITY MINIMUM - EACH OCCURRENCE		COMPANY LETTER	TYPE OF INSURANCE	POLICY NUMBER	DATE POLICY EXPIRES
Bodily Injury Per Person Each Occurrence Property Damage OR Bodily Injury and Property Damage Combined			Comprehensive General Liability Form Premises Operations Contractual Independent Contractors Products/Completed Operations Hazard Personal Injury Broad Form Property Damage Explosion & Collapse (If Applicable) Underground Hazard (If Applicable)		
Same as Above			Comprehensive Auto Liability Including Non-Owned (If Applicable)		
Necessary if underlying is not above minimum			Umbrella Liability		
Statutory Limits			Workmen's Compensation and Employer's Liability		
			Other		

State of Arizona and the Department named above are added as additional insured as required by statute, contract, purchase order, or otherwise requested. It is agreed that any insurance available to the named insured shall be primary of other sources that may be available.

It is further agreed that no policy shall expire, be canceled or materially changed to affect the coverage available to the state without thirty (30) days written notice to the State. This Certificate is not valid unless countersigned by an authorized representative of the insurance company.

Name and Address of Certificate Holder:

Date Issued:

Authorized Representative

Attachment A R9-22-209

SOLICITATION NO.: YH07-0017

PAGE
68

OF
69




701 East Jefferson, MD 5700

Phoenix, Arizona 85034

R9-22-209. Pharmaceutical Services

- A. An inpatient or outpatient provider, including a hospital, clinic, other appropriately licensed health care facility, and pharmacy may provide covered pharmaceutical services.
- B. The Administration or a contractor shall require a provider to make pharmaceutical services:
 - 1. Available during customary business hours, and
 - 2. Located within reasonable travel distance of a member's residence.
- C. Pharmaceutical services are covered if:
 - 1. Prescribed for a member by the member's primary care provider, attending physician, practitioner, or dentist;
 - 2. Prescribed by a specialist upon referral from the primary care provider or attending physician; or
 - 3. The contractor or its designee authorizes the service.
- D. The following limitations apply to pharmaceutical services:
 - 1. A medication personally dispensed by a physician, dentist, or a practitioner within the individual's scope of practice is not covered, except in geographically remote areas where there is no participating pharmacy or if accessible pharmacies are closed.
 - 2. A prescription or refill in excess of 100-unit doses is not covered. A prescription or refill in excess of a 30 day supply is not covered unless specified in subsection (D)(3).
 - 3. A prescription or refill in excess of a 30-day supply is covered if:
 - a. The medication is prescribed for chronic illness and the prescription is limited to no more than a 100-day supply or 100-unit doses, whichever is greater.
 - b. The member will be out of the provider's service area for an extended period of time and the prescription is limited to the extended time period, not to exceed 100 day supply or 100-unit doses, whichever is greater.
 - c. The medication is prescribed for contraception and the prescription is limited to no more than a 100-day supply.
 - 4. An over-the-counter medication, in place of a covered prescription medication, is covered only if the over-the-counter medication is appropriate, equally effective, safe, and less costly than the covered prescription medication.
- E. A contractor shall monitor and ensure sufficient services to prevent any gap in the pharmaceutical regimen of a member who requires a continuing or complex regimen of pharmaceutical treatment to restore, improve, or maintain physical well being.

<div>Attachment B</div> <div>Prescription Drug Event Record Layout</div>		<div><div>HealthcareGroup of Arizona</div><div>701 East Jefferson, MD 5700</div><div>Phoenix, Arizona 85034</div></div>
SOLICITATION NO.: YH07-0017	PAGE 69	
	OF 69	

You will find this PDF file at <http://azahcccs.gov/Contracting/RFP.asp>